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President names Chernomyrdin as his successor as parliament moves to limit Kremlin power

# Yeltsin redraws Russia's political map



Viktor Chernomyrdin (left), replaces Sergei Kiriyenko



Boris Yeltsin

'Chernomyrdin's main qualities are decency, honesty and thoroughness. These will decide the election in 2000'

James Meek in Moscow

**R**USSIA'S political map was torn up and redrawn yesterday as President Boris Yeltsin unambiguously named Viktor Chernomyrdin as his preferred successor and parliament moved to claim radically enlarged sovereign powers.

In a bumbling moment that may mark the start of a gradual withdrawal from the helm of state, Mr Yeltsin appeared on national television to heap praise on Mr Chernomyrdin, whom he abruptly sacked as prime minister five months ago and has been forced to reinstate.

"No one expected that the world financial crisis would hurt Russia so badly," he said. "In these circumstances the main priority is not to allow ourselves to slip backwards, and to ensure stability. What we need today is heavyweights. I believe Chernomyrdin's weight and experience is what is called for."

For the first time the president, aged 66, who has tipped many successors in off-the-

cuff remarks and was thought to be seeking a constitutional loophole to run for a third term in 2000, told the country that he would back his new prime minister, in effect putting a time limit on his own turbulent political career.

"Behind my proposal lies another important consideration: to ensure the succession of power in the year 2000," he said. "Chernomyrdin's main qualities are decency, honesty and thoroughness. I think these will be the deciding arguments in the presidential election. Neither power, nor being out of power, have spoiled him."

There will be scepticism that Mr Yeltsin is sincere — "It must have been very hard for a man with such a mania for power to pronounce these words," said one commentator — but the political and business coalition that backed him in 1996 believes he is unelectable and looks to Mr Chernomyrdin to protect its interests.

Mr Chernomyrdin's rivals were considering their options yesterday, but there was broad support for parliament approving him quickly to



President Yeltsin addresses Russians yesterday. He said Viktor Chernomyrdin was a heavyweight whose experience would ensure stability

tackle the country's continuing financial crisis.

The rouble fell 13 kopecks against the dollar, 2 per cent of its value; banks were still refusing to honour household depositors' hard currency accounts; and a meeting of Russian officials with Western creditors failed to reach agreement about debt rescheduling.

Presidential hopeful Alex-

ander Lebed, Russia's chief foreign loan envoy Anatoly Chubais, and the man Mr Chernomyrdin replaced, Sergei Kiriyenko, all urged the lower house, the State Duma, to approve the nominee's candidacy urgently.

But Boris Nemtsov, a senior minister in the outgoing cabinet once seen as Mr Yeltsin's natural heir, spoke

out against the appointment. Declaring that he would not serve in Mr Chernomyrdin's government if asked, the liberal seen as the archetypal "young reformer" said nothing would change in Russia until its oligarchic imitation of a market economy was done away with. Mr Chernomyrdin has been brought in with the oligarchs' backing.

"Either the president's decisions are right, or they are not discussed," he said acerbically. "Palace intrigues played a role in what happened."

Aware of how severely Mr Yeltsin has been weakened by the events of the past 10 days and that Mr Chernomyrdin has been brought in to build a new political coalition, Duma representatives yesterday de-

manded fundamental changes to the way Russia is governed in exchange for supporting the prime minister-designate.

Gennady Seleznev, the moderate Communist who chairs the lower house, said Mr Chernomyrdin had agreed to form a coalition government that included nominees from a spectrum of political parties.

He said government off-



Nemtsov: Voice of dissent

'Palace intrigues played a role in what happened'

Boris Nemtsov

cials and representatives from the two houses of parliament would meet tomorrow to draw up an economic crisis programme.

Mr Seleznev, hoping to realise a long-cherished dream of limiting the vast powers given to the president by the 1993 constitution, said the Duma would enshrine in law a presidential pledge not to interfere in the government's work.

Going further, the three main left-patriotic blocs in parliament, led by the Communist leader Gennady Zyuganov, demanded a complete change of economic course in exchange for considering Mr Chernomyrdin's candidacy.

They called for nationalisation of industry, protectionism, the resignation of Mr Yeltsin and a redesigned constitution that would make Russia a parliamentary state.

"In the face of the disaster threatening our fatherland, the time has come to consolidate all sound forces in Russian society," they said.

Russian elite weighs in, page 6; Larry Elliott, page 8; Leader comment, page 9

## Sudan tells British ambassador to go as diplomatic row grows

David Hirst in Khartoum, Richard Norton-Taylor and Gerard Soenen

**B**ITAIN'S ambassador was yesterday asked to leave Sudan in protest at Tony Blair's outspoken support for the US cruise missile strike that demolished a Khartoum chemical factory.

As the diplomatic row over the attack intensified, President Omar Hassan al-Bashir announced he was recalling Sudan's ambassador to Britain, Omar Yousef Bireedo, and promised to throw open what is left of Shifa Pharmaceutical Industries to international inspection.

In New York, however, the US deputy ambassador to the United Nations brushed aside demands for an international investigation into US claims that the bombed pharmaceutical factory was a chemical plant linked to terrorist groups. "We don't see any point in it," said Peter Burleigh, who declined to elaborate.

The Foreign Office in London last night said it regretted Sudan's request that Alan Gouley, ambassador to Sudan, be withdrawn but had not yet

decided whether the Government would accede to it.

It would be unusual for a government faced with such a demand not to comply, and London's hesitation reflects Whitehall's view that the US attacks on the Sudanese chemical plant was fully justified.

A further sign of mounting backbench unease at Westminster came yesterday when the suspended Labour MP Mohammed Sarwar insisted that he would head a fact-finding mission — possibly including other MPs — to Sudan. Mr Sarwar, Britain's first Muslim MP, whose visit will be highly embarrassing for the Labour Party, said he would leave as soon as he could find a scientist qualified to establish whether the plant was used for the manufacture of chemical weapons.

At his press conference in Khartoum, President Bashir insisted that international inspection was the "civilised way" to verify whether the factory manufactured chemical precursors for VX nerve gas, as the Americans claim, or a wide range of high-quality medicines, as the Sudanese claim. He hoped that the UN, to which Sudan has

turned, would "come up to standard", but other international bodies would be welcome to investigate too.

If Americans really believed the factory made chemical weapons, bombing it would have released deadly poison into the air and put at risk the thousands of Sudanese people who live around it, he added.

President Clinton, he said, was "a war criminal of the first degree" for the strike.

Sudan would consider resuming relations with the United States only if it "compensates all those who were harmed in the factory attack and it publicly apologises".

The 22 nations of the Arab League yesterday also urged the United Nations to send a fact-finding mission.

"The Arab League considers the US strikes an attack on Sudan's sovereignty... it reaffirms its support for Sudan in facing threats to its sovereignty."

Publicity brochures, available before the US raid, describe the plant as one of the largest, and most advanced, of its kind in Africa.

It was designed by an American, Henry Jobe of the

MSD Pharmaceutical Company, who had 30 years of expertise in the field. It was established by Sudanese businessman Bashir Hassan Bashir, and sold, in March this year, to another Sudanese, Salah Mird.

It consisted of three units for manufacture of human medicines, and one for veterinary medicines. A range of some 30 human medications offered treatment for such ailments as malaria, diabetes, hypertension, ulcers, rheumatism and gonorrhoea.

Among its 12 veterinary products was one called Shifa-zole, an antibiotic for the treatment of parasites in animals. In January, the company won a \$199,000 contract to ship 100,000 cartons to Iraq under the UN-sponsored food-for-oil arrangements.

Sixty per cent of its products went to the local market, and the rest for export to the Middle East and Africa. The factory made a point of receiving visitors. These ranged from the president of Niger and the British ambassador to Sudan to parties of Sudanese schoolchildren.

Where's the evidence? page 5

## Diana's guards deny Fayed accusation of crash blame

Sarah Hall

**T**HE former bodyguards of Diana, Princess of Wales, yesterday rejected claims by Mohamed Al Fayed that they were to blame for the crash that killed her and her son Dodi.

Trevor Rees-Jones, the only survivor of the accident, said he had done all he could to protect the couple, who died when their car crashed in a Paris underpass on August 31 last year.

Kes Wingfield, who was driving a decoy car at the time, said he was furious and saddened that Mr Fayed had made the "outrageous and groundless suggestion" in the run-up to the anniversary of the crash.

The two men — who stopped working for the owner of Harrods in May and June this year — were responding to his allegation in yesterday's American issue of Time magazine that they had "caused the devastation and the accident through their incompetence and unprofessional practices".

He said: "They had the rules, and they moved away from the rules. They let me down."



Trevor Rees-Jones: 'Did all anyone could have done'

David Crawford, a solicitor for Mr Rees-Jones, who now works part-time in a sports shop in Oswestry, Shropshire, said his client was "disappointed but not surprised" by the allegations and would be considering taking legal action.

A statement issued by Mr Crawford, suggested the entrepreneur's attack was prompted by the solicitor's asking French investigating magistrate Hervé Stéphan to

interview two senior Ritz staff and the head of the Ritz-based car service that provided the Mercedes in which the couple died, with a possible view to bringing damages against them.

In the statement for Mr Rees-Jones, Mr Crawford said Mr Fayed had initially blamed the paparazzi for the accident and then claimed to be "89.5 per cent certain" it was part of a conspiracy.

He added: "When Mr Fayed learned of Trevor's resignation in April he said he regretted the decision and that he could always have his job back. These hardly seem to be the words of someone who holds the bodyguards wholly or partly responsible for his son's death."

"My client and his fellow bodyguard deny any failure on their part to act properly and professionally on the night. They did all anyone could have done in the circumstances and given the instructions they received."

Mr Rees-Jones was still standing by his refusal to discuss the late princess's death and had only been drawn to speak from fear that silence would be misconstrued as acceptance of the allegations.

## Murdoch sets sights on Spurs and television broadcast rights

continued from page 1

with the clubs so rather than buy the rights, it is more lucrative for them to buy the club as well."

He added: "That means not only do they sell television rights and then possibly broadcast matches but they get all the extra advantages as well."

"Obviously media companies have got one eye on the European super league which is all about television rights."

Mr Sugar took over Tottenham in 1991 with an initial investment of £2.2 million. The club, which was struggling financially when he arrived, is now worth almost £22 million and Mr Sugar has a 40 per cent controlling interest.

A spokeswoman for News International said that she had not heard any news of a takeover of Tottenham.

Joel Wild of the Tottenham Independent Supporters' Association said: "It's all to do with a European super league but it's good news for the supporters because at least it means that someone will be investing in the club to ensure that we have a team that can compete with the best in Europe."

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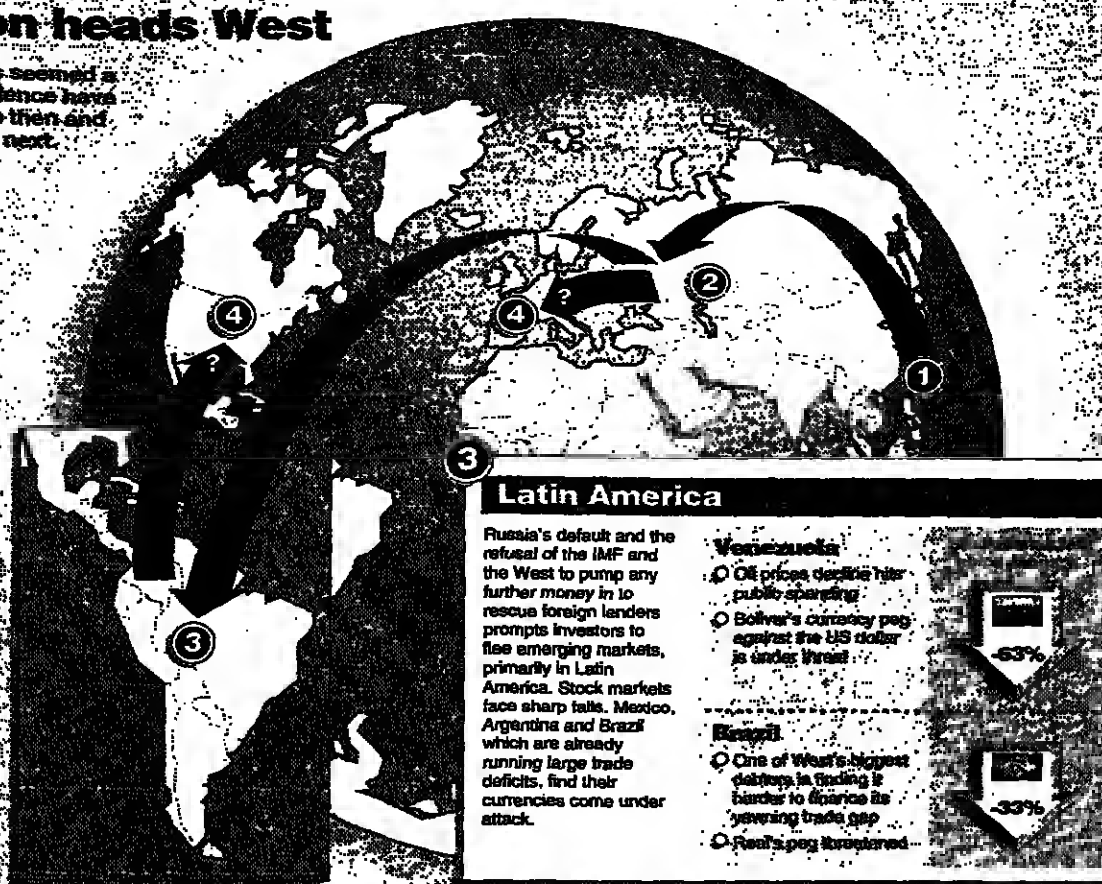
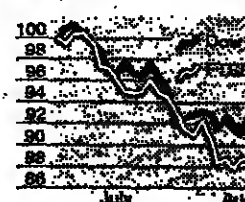
## Asian contagion heads West

A year ago, East Asia's troubles seemed a world away. But waves of turbulence have shaken emerging markets since then and analysts fear the West could be next.

## The West

Peripheral western economies like Australia, South Africa and Canada are already under pressure. If Latin America goes, then US company earnings, already hit by the Asian crisis, will be squeezed dry. The Dow Jones, which is vastly overvalued, could collapse. If Wall Street plunges then consumer spending will crash, and the US economy will grind to a halt. With Europe, it is the only region expecting growth in 1999, and Europe's recovery is looking shaky. If the US output shrinks, the whole world could potentially go into reverse, the first time we have had a global depression since the 1930s.

## Shares in London and New York



## Latin America

Russia's default and the refusal of the IMF and the West to pump any further money in to rescue foreign lenders prompts investors to flee emerging markets, primarily in Latin America. Stock markets face sharp falls. Mexico, Argentina and Brazil, which are already running large trade deficits, find their currencies come under attack.

**Venezuela:**  
Oil prices despite high public spending.  
Bolivia's currency peg against the US dollar is under threat.  
**Argentina:**  
One of the world's largest deficits is leading to a widening trade gap.  
Russia's peg threatened.



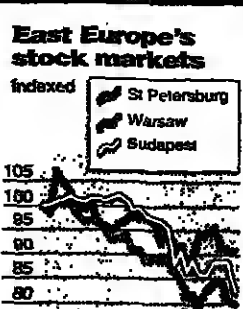
## Asia

Crisis starts when the Thai currency comes under attack from speculators last summer. The baht's US dollar peg crumbles in July, followed by the Malaysian ringgit, the Indonesian rupiah and the South Korean Won. Local firms are unable to pay back skyrocketing foreign loans, while investors flee tumbling share markets. Sharp falls in neighbouring currencies puts pressure on Japan's already fragile economy and debt-burdened banking system. In June this year, the yen tumbles to an eight-year low against the dollar, triggering intervention by Washington and Tokyo.



## Eastern Europe

Asia's collapse prompts a worldwide fall in commodity prices and investor nerves in emerging markets. This puts pressure on the Russian ruble. In July Russia requires an injection of IMF cash to cover its dwindling foreign reserves as the ruble comes under attack. On August 13th international speculator George Soros urges the Russian government to devalue. Five days later, faced with huge ruble selling, the government devalues and announces a moratorium on repaying foreign debt.



## Latin America markets start to crumble

Alex Brummer  
Financial Editor

**T**HE crisis on global financial markets deepened yesterday as Latin America felt the brunt of the selling pressure now being exerted in almost every developed economy.

The assault on Latin American nations comes amid increasing worries over the economic and political turmoil in Russia, which has sent investors running for cover.

Fears are growing that the economies of Latin America — from Brazil to Venezuela — will be forced to devalue their currencies to remain competitive with other commodity-based countries.

In Brazil, Latin America's largest economy, the currency — the real — fell 3 per cent against the dollar yesterday, despite efforts by the authorities to head off the crisis by selling \$68 million of bonds linked to the value of the dollar.

Stock markets throughout the region have followed those of Asia into freefall, with the Brazilian market down 33 per cent this year and Venezuela tumbling 63 per cent as it too fights the battle against devaluation. Shares have also been falling in Mexico, which went through a serious cash crisis in 1994-95.

The problems of Latin America have thrown gloom over some European stock markets, with Spain — where the banks have large exposure to the Latin American economies — particularly hard hit.

The increasing uncertainty about the future of share markets has sent investors scrambling into government bonds, with interest rates rising, such as gilts, from New York to Frankfurt.

After the big falls on European stock markets last week there was some respite from the selling yesterday, with London recovering 76.7 points.

On Wall Street the Dow Jones bounced up and down in nervous trading, with bank shares particularly vulnerable. Fears are growing that the international banks will have to make big write-offs of loans, in addition to those already made in Asia.

Europe and the United States are the only regions of the world where output is now predicted to grow for the rest of this year and next. But with the problems spreading from Russia and Latin America, Europe's recovery is looking more uncertain.

the first half of this year, is looking more uncertain.

The US economy has been held up by households spending gains made on the stock markets. If Wall Street were to turn down as a result of uncertainties elsewhere then the long American growth cycle could be vulnerable too.

The disturbances in Latin America have been provoked by events in Russia, where devaluation and the moratorium on repayment of some \$40 billion of rouble-denominated loans have provoked fears of a debt crisis such as that of 1992, when banks around the world were threatened by a series of defaults.

"The comparison with 1992 is not inappropriate," said Dan McGovern, director of emerging market research at Merrill Lynch, in the City last night.

"The experiences we are seeing on external and domestic debt do bear a real similarity."

The situation was not helped yesterday by an outbreak of bickering among those responsible for stabilisation. The IMF's managing director, Stanley Fischer, accused Chancellor Helmut Kohl of Germany of failing to mobilise opinion in the leading Group of Seven nations fast enough to prevent the Russian imposition.

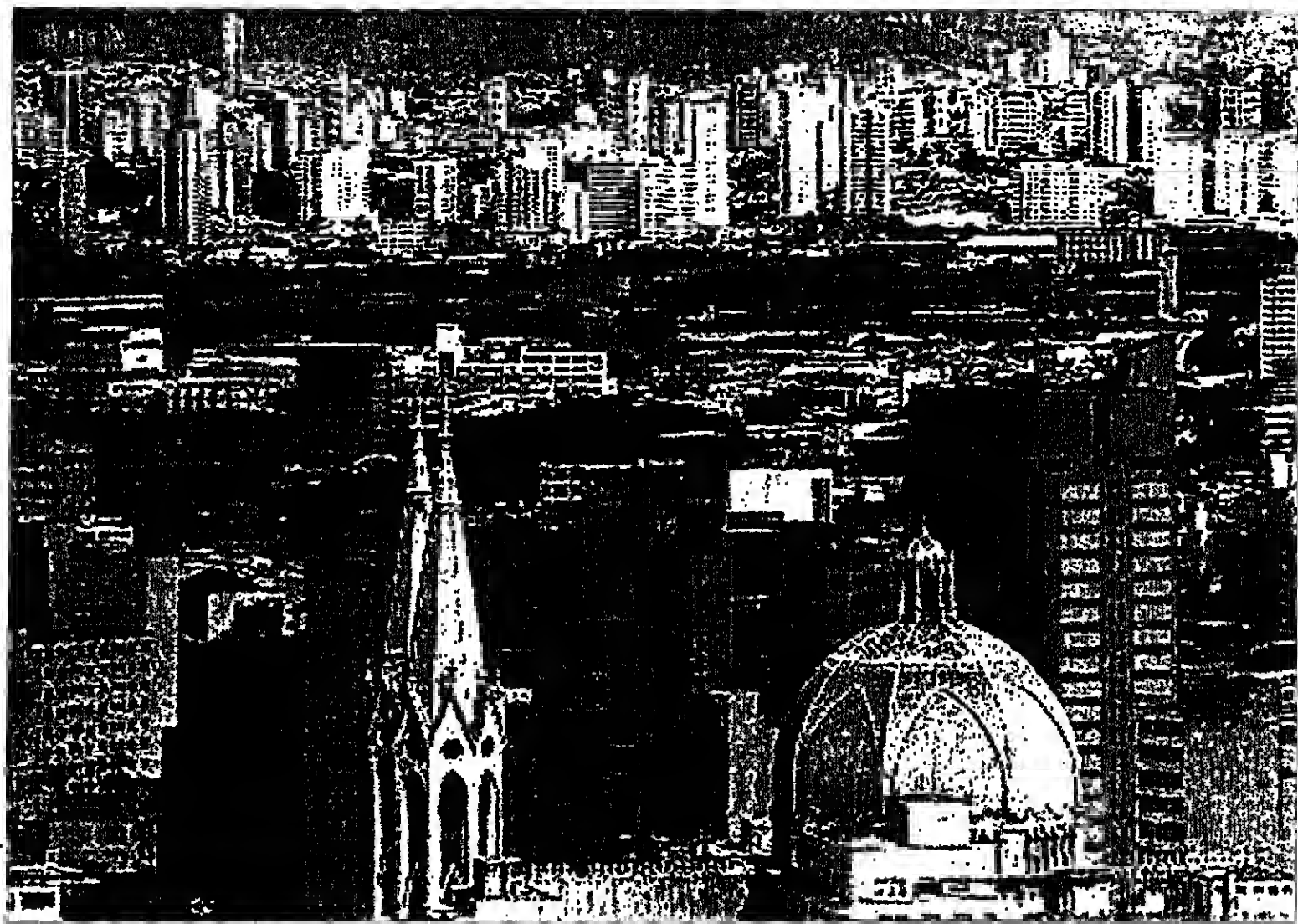
Moscow is being blamed for the scale of the global failure because of its decision to reverse all its policies at once, creating precedents with its devaluation and the moratorium on debt which might be followed by other damaged countries.

As a natural resource-based economy, Russia has a direct effect on the countries of Latin America, which are also dependent on global commodity prices. The dramatic fall in the price of oil is having a particularly acute effect on the oil producers Venezuela and Mexico.

The contagion in Latin America, which has seen stock markets tumble heavily in the past few days' trading, comes after a year of unprecedented turmoil in emerging market economies. The turbulence which began in Thailand in June 1997 spread to the other economies of East Asia last November, before moving on to Russia this summer.

The problems in Moscow have caused second-wave effects in Hong Kong, which has had to make unprecedented interventions in its stock market, and have again put the territory's peg to the US dollar under threat.

Notepad, page 11: Markets in turmoil, page 12



Sao Paulo, Brazil's industrial centre. Shares at the city's stock exchange fell more than 10 per cent at one point on Friday. PHOTOGRAPH: DARIO LOPEZ-MILLS

## BRAZIL: Currency defence crucial to region

Alex Bellos in Rio de Janeiro

**B**RAZIL used to be a country of dictatorship, hyperinflation and political mismanagement on a grand scale. Then it became the world's third largest democracy, the second largest destination of foreign investment after China, and built a stable new currency, the real.

Now it stands once again on the brink of economic meltdown. The stakes could not be higher. Brazil is the largest economy in Latin America, amounting for about 50 per cent of its GDP, and the battle to defend the real is seen as a crucial test in stopping the whole region from descending into a full-blown crisis.

Shares at the Sao Paulo stock exchange fell more than 10 per cent at one point on Friday, triggering a halt in trading and unleashing fears that Brazil might be forced to devalue the real. In the past month, Brazilian shares have fallen by 25 per cent.

"All the markets in Latin America are looking bad. This is about Russia and Asia, and Venezuela definitely brought it home. People are starting to get scared over Latin America," said Gabriel Ruiz, a fund manager at Banco Quilmes.

With \$70 billion (\$43 billion) in reserves Brazil could avert devaluation in the short term. But the country's Achilles' heel is an unsustainable budget deficit of 7 per cent of GDP. And there is doubt that the real could withstand repeated speculative assaults.

Amaury de Souza, a political scientist at Techno in Rio de Janeiro, said: "High deficits force governments to go out and borrow money. And be-

cause Russia has defaulted on some of its foreign debt, emerging nations must now pay more for those loans, a cost that only adds to the red ink."

A devaluation will in one fell swoop reverse Brazil's four-year-old campaign to stabilise the economy, which ended inflation of more than 1,000 per cent and created a positive environment for external investment. It transformed the lives of millions of Brazilians, who for the first time were able to hold on to their money without it becoming worthless.

To stop runs on the currency in the past, Brazil has sharply raised interest rates to discourage speculators and attract foreign capital. In the heat of the Asian crisis last October, President Fernando Henrique Cardoso raised interest rates to 43 per cent — successfully defending the

currency but causing hardship for many Brazilians.

The interest rate has since been lowered to 13.75 per cent, but it has been blamed for a slump in spending and the highest levels of unemployment in Brazil for more than a decade.

"The big risk is that these emerging markets will have to again tighten their belts both fiscally and monetarily to restore confidence," said Jim Barrineau, an equity strategist at Salomon Smith Barney.

Despite the hardship President Cardoso remains the runaway leader in polls for October's general election — mostly due to his reputation for having transformed the economy during his four-year term. Commentators say Mr Cardoso will not risk putting up interest rates before the election because it would lose

him popularity. But a devaluation — even through circumstances beyond his control — would throw the presidential race wide open.

Analysts point to Brazil's well developed programme of privatisations as a reason why the economy might have the strength to hold its own. When the government sold off the state telecommunications business Telebras last month for \$15 billion — the largest privatisation in Latin America — the mostly foreign winning bidders paid more than 60 per cent above the asking price.

If Brazil were forced to devalue, Argentina, its main partner in the Mercosur trading bloc, might have to follow suit because the two economies are closely intertwined. One-third of Argentina's exports go to Brazil, its largest trading partner.



A child haggard with accordion in the streets of Mexico City

## MEXICO: Crippled by bad debts and lack of liquidity

Phil Gunson in Mexico City

**T**HE financial hurricane that is sweeping through the financial markets chose a bad time to touch down in Mexico.

In a week's time, the opposition PRD will be asking Mexican voters whether they are willing to foot the bill for the last financial crisis — currently around \$60 billion and rising.

A day later, President Ernesto Zedillo makes his final, side-of-the-road address, in which, among other things, he will once again be trying to reassure the nation that, unlike the last four presidents, he will not bequeath his successor a major economic disaster.

The country's banking system is burdened with bad debts and a lack of liquidity despite a government bail-out that amounts to almost \$700 for every man, woman and child in a country in which 40 per cent of the population sur-

vives on less than \$2 a day. "We are talking about the wellbeing of at least two generations of Mexicans," said the PRD chairman, Andres Manuel Lopez Obrador, as he announced the unofficial referendum.

As the value of Mexican stocks spiralled downwards in the past fortnight, it was bank stocks that led the way. And as the government contemplates the need for measures such as a rise in interest rates to stave off further capital flight, it is only too aware that higher rates will lead to more bad debt and a worsening of the credit outlook for business.

Those who can, says economic consultant Armen Konyoundjian, are seeking credits in dollars. This means, he adds, that if there is a further devaluation, "we are going to go back to having debts which have ballooned in dollars and not being able to service them".

For a country still emerg-

ing from the economic collapse of 1995, which required a \$50 billion rescue package organised from Washington, it has been a cruel blow.

Oil prices running at a third below those of last year have already forced three successive budget cuts totalling over \$3 billion — 0.79 per cent of GDP. The peso is already pushing 10 to the dollar, a value well below that originally projected for the end of the year. The Mexican stock exchange (BMV) has lost around 48 per cent of its value in dollar terms in 1998.

The bail-out of 1995 contributed to a notion that the US, now tied ever more closely to Mexico through the NAFTA free trade agreement, could simply not afford to allow it to go under. But anti-Mexican sentiment in the US Congress has grown in recent years, and another bail-out is almost certainly out of the question.

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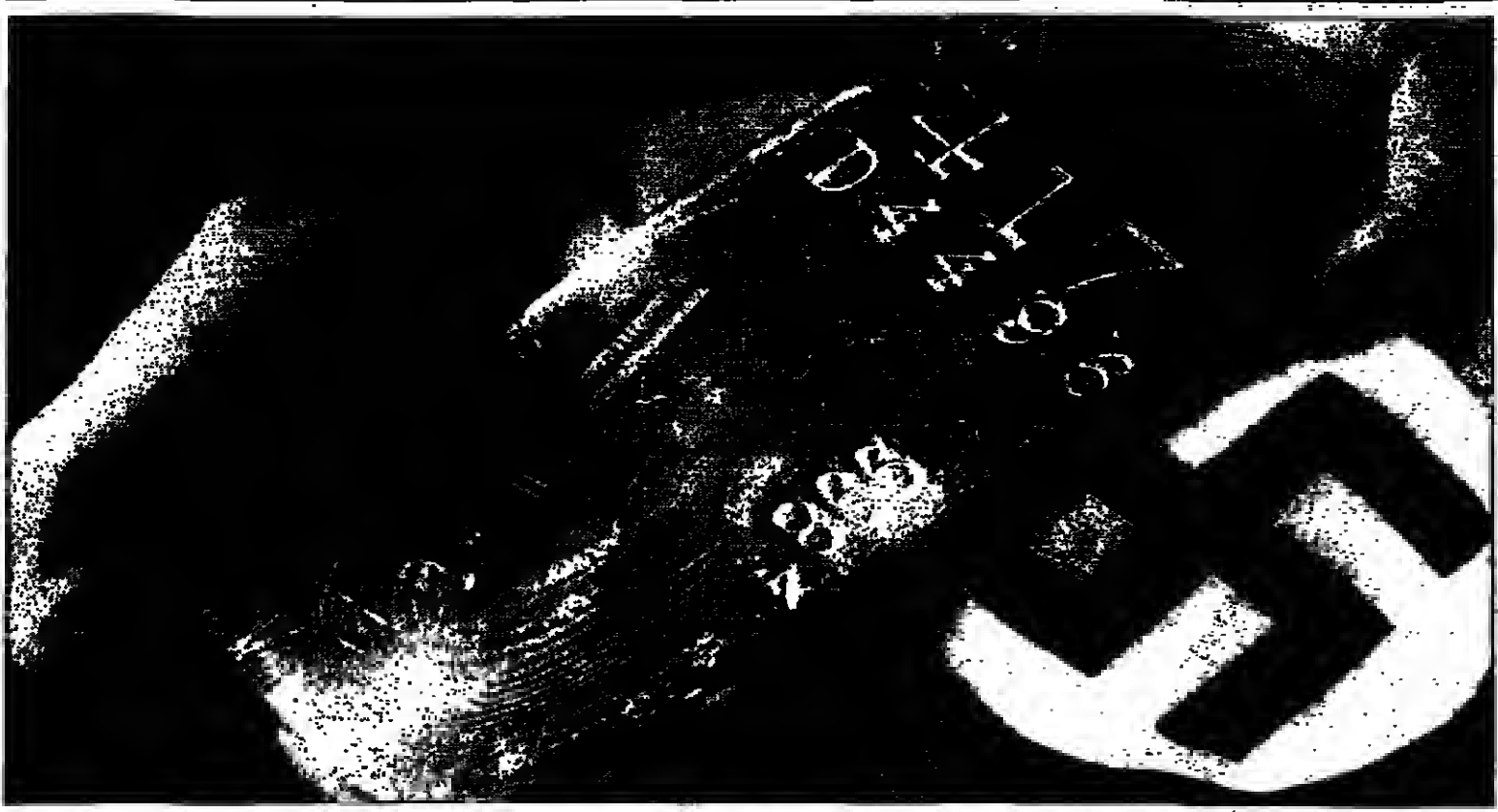
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It's a family thing



'The Holy See delegation, which had made it clear from the outset that they were attending only as observers, did not respond to requests to open up its wartime records'

Lord Mackay, conference chairman



Stolen gold... Jewish sources told the conference that gold worth \$5 billion today was looted between 1933 and 1945

PHOTOMONTAGE: ROGER TOOTH

## Light shone on Nazi gold

Cook hails findings of London conference on wartime seizures

Richard Norton-Taylor

A REPORT tracing the whereabouts of gold looted by the Nazis was yesterday hailed as shining light into dark corners.

The 800-page report documents submissions to the 42-nation conference held in London last December.

Robin Cook, the Foreign Secretary, said it shed "a light in corners that had been kept dark for too long".

The report's author, Lord Mackay, the former Tory Lord Chancellor and the chairman of the conference, described it as a "unique collection of information".

His report singles out the Vatican for refusing to open its records despite repeated requests.

"The Holy See delegation, which had made it clear from the outset that they were attending only as observers, did not respond," Lord Mackay says in the report. It is widely believed stolen gold was looted by the Nazis through the Vatican.

The Holocaust Educational Trust said last night it was hopeful there might be progress on the Vatican archives. A trustee, Lord Hunt of Wir-

ral, described a meeting with the Vatican in July as "most positive and helpful".

Lord Mackay said papers from the Tripartite Gold Commission — set up by Britain, France and the United States in 1946 to distribute Nazi gold seized by the Allies — would be made public in the next few weeks.

The conference helped pave the way for funds for Holocaust victims and their heirs and this month's deal whereby Swiss banks agreed to pay \$1.25 billion to Holocaust survivors.

A separate international fund, set up by Britain last year, has received donations of £36 million, £1 million given by Britain.

The World Jewish Congress told the conference the Nazis looted at least \$219 million in gold from 1933 to 1945 — \$5.3 billion in today's prices. However, Lord Mackay says in the report: "We still do not know precisely how much gold the Nazis stole."

A follow-up conference, mainly on stolen works of art, is due in Washington in November.

The Foreign Office, meanwhile, is investigating claims that during the war Britain confiscated Jewish assets

today worth up to \$400 million that were invested in Palestine and seized under "trading with the enemy" laws.

The claim was made this month by Yona Yahav, chairman of the Israeli Knesset's banking committee. "During the Holocaust, many Jews transferred money to Palestinian banks prior to what they thought would be their emigration," he told the Jewish Chronicle. He said it was unclear what happened to the money.

Lord Archer, the former solicitor general appointed by the Government to oversee payments where Britain had seized wartime assets, will investigate this matter.

Several multi-nationals are expected to emulate the deal struck 10 days ago between Swiss banks and the Jewish Claims Conference to pay

\$1.25 billion to Holocaust victims or their heirs. Volkswagen, BMW, Daimler-Benz, Siemens, Deutsche Bank, Dresdner bank and other big firms are negotiating with lawyers and US-based Jewish groups on the sums that may be lodged in a common fund.

Last Friday in New Jersey, the lawyer Ed Fagan filed a suit against a German conglomerate, Degussa, based in Frankfurt, alleging that during the war it processed gold taken from the teeth of concentration camp inmates.

In June another class action suit was filed in New York against Deutsche and Dresdner banks, claiming \$18 billion. According to reports in Bonn, Wolfgang Bretter, the head of Deutsche bank is to meet World Jewish Congress officials in New York next month in an attempt to reach a settlement.

Degussa, whose subsidiary Degesch manufactured the Zyklon B used in gas chambers, admitted last year it smelted gold and silver stolen from Jews during the war, but said it did not know the metals' precise origins. The company employs 26,000 and is heading for record profits this year on turnover so far of more than \$4 billion.

German companies set to pay millions into 'slave labour' fund

Ian Traynor in Bonn

GERMAN industry is preparing to pay hundreds of millions of pounds in compensation to wartime slave labourers after decades of declaring that only the German government could be held responsible for reparations.

Several multi-nationals are expected to emulate the deal struck 10 days ago between Swiss banks and the Jewish Claims Conference to pay

\$1.25 billion to Holocaust victims or their heirs. Volkswagen, BMW, Daimler-Benz, Siemens, Deutsche Bank, Dresdner bank and other big firms are negotiating with lawyers and US-based Jewish groups on the sums that may be lodged in a common fund.

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Vatican: now reported to be 'positive' on opening archives

## Kenyan bomb blast boy hopes London hospital can give him back his sight

Helen Carter

A LONDON hospital hopes to restore the sight of a Kenyan teenager injured in the bombing of the United States embassy in Nairobi.

Stanley Mutuma, aged 15, flew into London yesterday accompanied by his father, Alphonse Muronga, and was taken to Moorfields eye hospital, which has waived its fees for treatment.

As they arrived at the hospital, Mr Muronga held his son's hand and said the boy was still in shock. "I am praying that the doctors can restore his sight," he said.

He added that his son hoped he would be able to play basketball again if the operation

'Moorfields consultants have successfully treated similar cases in the past'

succeeded. The boy was on his way to school in a commuter minibus that was driving past the embassy on August 7 when the terrorist bomb exploded, killing 250 and injuring thousands.

The vehicle's windscreen shattered, blinding him with shards of glass.

Eye surgeon Mark Wood treated him two days later at Kikuyu hospital in Nairobi, but decided his only hope would be specialist treatment in London.

"We've been able to repair lacerations from flying glass, but there is severe haemorrhaging in both eyes which requires special instruments and treatment," said Mr Wood.

The journey was organised by a charity, the African Medical and Research Foundation, that is raising money for the Kenyan bomb victims.

Knight of Kenya provided free flights for Stanley and Mr Muronga, a civil servant, and the British High Commission waived their visa fees.

On arrival Mr Muronga thanked all who had helped bring his son to Moorfields.

A Moorfields consultant, Zdenek Gregor, who has close links with the Nairobi hospital, will carry out the operation.

It is expected that a CT scanner will pinpoint any foreign matter in Stanley's eyes before surgery can take place, probably in the next few days. A Moorfields spokesman said that the boy's eyes had been severely injured, but there was hope.

"At this stage it is impossible to predict how much vision, if any, Stanley will regain. Although the injuries are severe, Moorfields consultants have successfully treated similar cases in the past."

After hearing of Stanley, a patient at Moorfields offered to give £1,000 to the Kenyan foundation appeal.

Fundraiser Tom Noel said: "We have set aside £10,000 to cover Stanley's treatment, but donations are pouring in. At the end of the day it may be the public that pays for his treatment."

The foundation's director, Alexander Heroy, described Stanley's case as the tip of the iceberg.

"There are at least 1,000 people in Kenya who require treatment. Many of them will not have to come as far as London, as there will be surgeons visiting them in Kenya."

The foundation's appeal can be contacted on 0171 233 0068.

## John Lennon's long lost sister surfaces to end Beatles mystery

David Ward

ONE of the last great Beatles mysteries was solved yesterday when the half-sister John Lennon searched for but never found surfaced in Champlain's Ford, in Eastfield, Hampshire.

Ingrid Pedersen, born Victoria Lennon, was told of her relationship to the rock superstar when she was 21 in 1966, the year the Beatles gave up touring and prepared for the release of the Sergeant Pepper album. But, fearful of causing distress to her adoptive mother, Ms Pedersen kept silent until talking to the Sun yesterday.

Following the death of her mother five weeks ago, Ms Pedersen has chosen to break her silence.

"Now at last I can admit who I am — the little sis John loved but could never find," she told the Sun. "I kept all this secret for the sake of my mum. But now she's dead, I want to find my real family."

John and Ms Pedersen share the same mother but were not brought up together. John was born in 1940, three years before his parents Julia and Alf split up. Julia later had a six-month fling with an army officer who is believed to be the father of Ms Pedersen, born in a Salvation Army hostel in Liverpool in 1945.

Margaret Pedersen, Julia's friend, and her Danish seaman husband, Peder, adopted Victoria and renamed her Ingrid Pedersen.

Mrs Pedersen told her daughter about her origins only when she was preparing to marry. "I've got to tell you you are adopted. You are a half-sister to John Lennon."

Lennon himself brought up from the age of five by his Aunt Mimi, had found out about his unknown relation from another aunt in 1964. He acquired Ms Pedersen's birth certificate but was not allowed to see her adoption papers — and so failed to discover both her first name and surname had changed.

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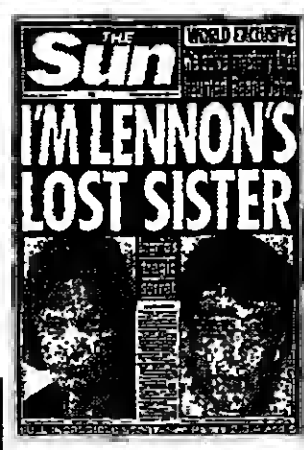
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'I'm Lennon's lost sister' — How the Sun broke the news

He hired private detectives to find her adoption papers in a non-existent Victoria Pedersen. Lennon had made no progress by the time he was shot dead in New York in 1980.

Two years ago, Ms Pedersen, a medical filing clerk, found her adoption papers in a battered tin box at her mother's home. "There it was in black and white," she told the Sun. "There was my name and birthdate — Lillian Ingrid Maria Pedersen, born June 19, 1945. And above that were the three words I had been searching for — Victoria Elizabeth Lennon."

The tears just flowed. At last I knew it was true. I was the sister of the world's most famous rock star. Little old me — a bloody filing clerk. It was like finding buried treasure.

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## Crime rate higher for expelled pupils

John Carroll Education Editor

A HIGH proportion of pupils expelled from school had a conviction, who co-wrote the report.

The researchers calculated that nearly half would recommit serious crimes within two years.

"Exclusion units do a reasonably good job of holding these youngsters until they are 16. But when they leave nothing is done for them. They become delinquents hanging out with other delinquents, with a bad reputation and little chance of getting a job," Professor Pritchard said.

A report by the Government's social exclusion unit warned this year that young people brought up in children's homes were more likely to be excluded from

units are not integrating these youngsters into society and these results appear to guarantee a life of crime," said Colin Pritchard of the university's school of medicine, who co-wrote the report.

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school and leave with no qualifications.

Prof Pritchard said he expected the 10 per cent of his sample from children's homes would have the worst crime records.

"The encouraging finding is that they had only half the crime rate of the rest of the sample. That may be because they are entitled under the Children Act to supervision and support when they leave the exclusion unit, whereas the other children get nothing."

If all children leaving exclusion units got proper support, there could be big savings for the taxpayer through reductions in the costs of court appearances, custody and property damage. "Social exclusion is just too expensive and our figures do not include the pain and hurt of the victims of crime."

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## Paedophile teachers jailed for 35 years

Janet Wilson

THREE boarding school teachers convicted of sexually abusing boys in their care were yesterday sentenced to a total of more than 35 years jail.

Housemaster Nicholas Douglas, jailed for 16 years, was described in court as the prime mover in the child abuse ring involving 18 boys over an eight year period. Douglas, aged 45, was convicted of a string of offences including buggery, indecent assault and conspiracy to commit sexual abuse.

John Higgins, aged 45, and Thomas Logan, 46, both teachers at other schools, were also convicted of serious sexual offences. They were sentenced to 11 years and 8½ years respectively.

The court heard how Douglas would pick out the most vulnerable boys who were often shy, homesick or bullied at the school for troubled children in West Sussex.

During the hearing former pupils — some as young as eight when the abuse took place — described how Douglas visited their beds in the dormitory at night. He would play them with drink, cigarettes and sweets at his flat at the school before passing them on to the other abusers. Boys were also taken on trips to a villa in Majorca and to the Isles of Scilly.

During the three week trial, the court heard how the boys would be stripped, photographed and abused. One victim, now 26, fought back tears as he told the jury: "You were like a lamb to the slaughter. If I had a pound for every time it happened I would be rich. I was shared among them."

Before jailing the men, Mr Justice Gage said: "This case has lifted the lid on an appalling state of affairs at the school in the late 1970s and early 1980s. The judge said Douglas 'groomed' the 'emotional

and vulnerable boys' and used them for his own 'despicable sexual gratification'."

Mr Justice Gage said the three had caused "psychological damage which is incalculable" to the boys involved.

Earlier, John Coffey QC, defending said Douglas had been "cursed by paedophilia and it has dominated his life".

Douglas, who spent most of his working life in children's homes, orphanages and schools, openly described himself in court as a paedophile. "I am a paedophile. I am sexually attracted to young children. Primarily boys aged between about nine and 15," he said.

After the case, the investigating officer, Detective Sergeant Jeremy Graves, of Sussex Police, said 180 former pupils were interviewed during a two year operation. "The abuse came to light when one of the boys who was abused walked into a police station and said: 'I can't back it any more,'" Det Sgt Graves said.



# Show evidence for Sudan raid, MP demands

Richard Norton-Taylor

**A** SENIOR Labour MP yesterday challenged the Government to demand hard evidence from Washington that the Sudanese factory bombed by United States cruise missiles was involved in the production of chemical weapons.

As Sudan insisted that the Khartoum plant produced innocent pharmaceuticals, Donald Anderson, the chairman of the Commons foreign affairs committee, said the US had a duty to provide the Government with the evidence it claimed it had.

"Since the Government went out on a limb in supporting the US action it is surely reasonable that the evidence should be passed to us," he said. "That has not yet been done."

Mr Anderson said that while it was absurd for the US to compromise intelligence sources, the exchange of information between close allies was a "two-way process".

He pointed out that while George Robertson, the Defence Secretary, had claimed Britain had independent evidence that Osama bin Laden, the Saudi-born dissident, was seeking to acquire chemical weapons and was involved in the attacks on US embassies

شركة الشفاء للصناعات الدوائية  
El Shifa Pharmaceutical Industries Co.

Medicines Produced List

S/N	Medicine	Quantity Produced	Period
1	Salbutamol 2mg Syringe	100,000	Nov 97
2	Salbutamol 2mg Syringe	100,000	Nov 97
3	Salbutamol 2mg Syringe	100,000	Nov 97
4	Salbutamol 2mg Syringe	100,000	Nov 97
5	Salbutamol 2mg Syringe	100,000	Nov 97
6	Salbutamol 2mg Syringe	100,000	Nov 97
7	Salbutamol 2mg Syringe	100,000	Nov 97
8	Salbutamol 2mg Syringe	100,000	Nov 97
9	Salbutamol 2mg Syringe	100,000	Nov 97
10	Salbutamol 2mg Syringe	100,000	Nov 97

A list of medicines made at the Shifa plant was released yesterday by Sudan in an attempt to discredit the US claims

in Kenya and Tanzania. It had no first-hand evidence to implicate the Khartoum factory in chemical warfare.

Britain's independent intelligence is likely to have been obtained by GCHQ picking up communications between Mr bin Laden and his supporters.

But Britain has no spy satellites and has to rely on the US for more specific evidence. The Foreign Office minister, Tony Lloyd, told the Commons on March 10 that he could not "validate" US reports claiming Iraq had helped Sudan develop such facilities. He was "not aware of any fresh or substan-

tiated evidence on the matter". A British engineer who helped build and equip the factory in Khartoum, claimed it could not have manufactured chemical weapons.

He worked for four years as a technical manager at the plant. "I have intimate knowledge of that factory and it just does not lend itself to the manufacture of chemical weapons," he said.

Mr Robertson said on Sunday that William Cohen, his US counterpart, had told him the administration had "absolutely compelling evidence" that the factory was involved in the manufacture of biological and chemical weapons. Sandy Berger, the US national security adviser, said Washington had "physical evidence" that the Shifa plant was making ingredients for VX nerve gas.

However, Mr Anderson said the US claims raised serious questions. The plant had been opened with great fanfare in the presence of Sudan's diplomatic community.

Alastair Hay, a chemical pathologist at Leeds University, said last night that if there was no restricted access at the plant, as had been suggested, then Sudan seemed to have a good case.

Chemicals the plant produced should still be in evidence in the soil and debris, he said. "Though there might only be a few traces if production had ended some weeks ago, it would be difficult to eliminate all evidence."

He pointed out that for years the US had insisted that the Soviet Union and North Vietnam had used "yellow rain" chemicals during the Vietnam war, only to discover that the product contained pollen from indigenous trees and the "rain" was bee excrement.



The remains of a missile is examined near the factory in Khartoum hit by the US air strike PHOTOGRAPH: ALADIN ABDEL NABY

## Pakistan decries stray US missile

Suzanne Goldenberg in Islamabad

**P**AKISTAN'S government said yesterday that a previously undisclosed missile from the US had landed in a remote desert region inside its borders.

Islamabad is to make a formal complaint to the United Nations Security Council at the violation of its airspace, a hardening of its stance since it lodged a milder protest at the US embassy the day after the attack on the suspected bases of the Saudi militant Osama bin Laden.

The new protest is certain to overshadow today's talks in London with the US deputy secretary of state, Strobe Talbott, on the future of sanctions imposed after Pakistan's nuclear tests in May.

Pakistan's display of anger is widely believed to be designed to appease the Islamic extremist groups on its soil, which have been protesting at the US strike. But it also deflects attention from its own support of armed groups fighting Indian rule in the disputed territory of Kashmir.

Islamabad has been anxious to dissociate itself from the American attacks, despite co-operating with the investigations into the bombing of the US embassies in Nairobi and Dar es Salaam.

The Security Council was due to meet last night to consider Sudan's protest at last week's other attack, on a factory in its capital.

As details emerge of the strikes on the Afghan bases, Pakistan faces the embarrassing prospect of explaining why Pakistan-based extremist groups bore the brunt of the attacks. The worst-hit camp, near the eastern town of Khosht, is the preserve of a splinter group of the Harkat ul-Ansar, which is blamed for the kidnap and murder of

ing smuggled hundreds of armed men over the border since the uprising against New Delhi's rule began nine years ago.

Apart from training recruits to fight in Kashmir, the bases are also a refuge for Pakistani extremists wanted for their part in murdering Shias and Iranian diplomats in the sectarian fighting that has killed hundreds of people in Punjab province this year.

From the outset, Pakistan's condemnation of the strikes has been tinged with embarrassment. The day after the attack, it was forced to recant its claim that a missile had landed on a Pakistani village, killing five people. It said no missile had landed in its soil.

The Cruise missile that has now been found came down in an area near the town of Kharan, in south-west Baluchistan. It failed to explode and was discovered two days after the attack.

The protest is seen as an attempt to appease Islamic extremists on its soil

## Nerve gas cocktail cuts two ways

Kieran O'Keefe

**T**HE nerve gas VX, components of which were said to have been produced at the Shifa pharmaceutical plant struck by United States Tomahawk cruise missiles in Khartoum last week, is a weapon that kills quickly.

It is a colourless and odourless liquid which turns into gas on contact with oxygen. It blocks the transmission of impulses along the central nervous system, causing convulsions and respiratory paralysis. The effect is immediate.

VX is undetectable, and

can spread fast through air and water. It is what is known as a persistent agent — that is, one designed to remain deadly for weeks, closing off an area.

The gas was developed by a British scientist in 1949 and adopted as a weapon by the US army in 1961. Production was officially halted in 1967, but the US keeps 1,170 tons of it in steel vats at its Newport weapons depot in Indiana.

The Central Intelligence Agency describes the toxicity of VX like this: "Just 10 milligrams on the skin will kill the average adult male. One gallon of VX contains 362,000 such doses. By definition, if the VX is evenly

applied at this dosage, 50 percent — or 181,000 people — will die as a result, with the remaining 181,000 becoming seriously ill."

US intelligence was sure that there was no VX at the Shifa factory — if there had been, the effects unleashed by the missile strikes would have been catastrophic for the people of Khartoum.

Rather, the Americans said they struck at the Shifa plant because it produced VX "precursors" or components.

But there is no simple way to be sure that precursors add up to VX production. VX is produced by a combination of chlorine,

phosphorus pentasulphide and diisopropylamine chemicals routinely produced in drug factories worldwide.

One of the problems in identifying any chemical-weapons installation is that many of the components needed are also routinely used for other ordinary products.

Hitting the ultimate production and storage site would be more to the point — but deadly. That is why the US air force is exploring whether an "agent defest weapon" can be developed for the task.

Kieran O'Keefe is an academic researcher in war studies

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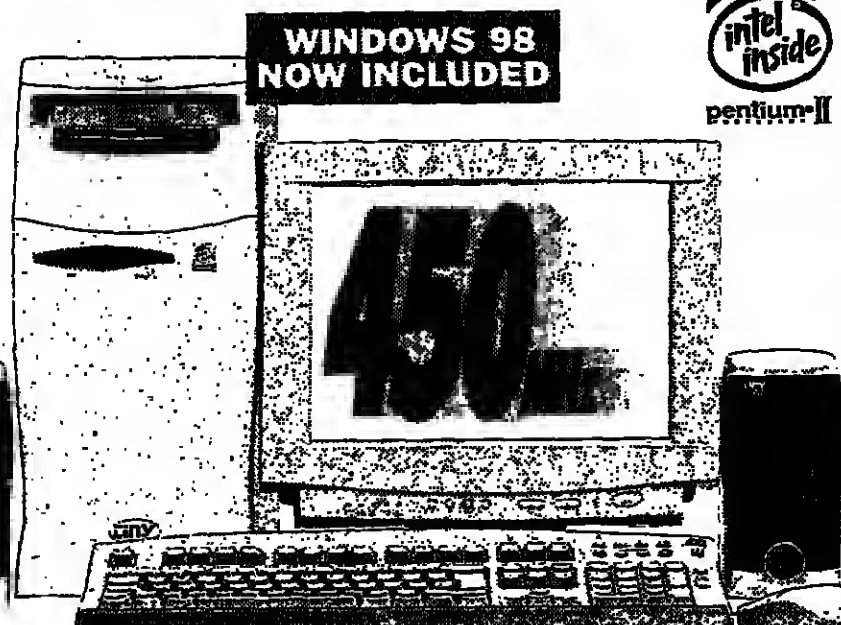
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TAUNTON OPENS SATURDAY

## President finds ally in Gingrich

Gary Young in Washington

**P**RESIDENT Bill Clinton's hopes of surviving the Monica Lewinsky scandal were bolstered yesterday when the Republican House Speaker, Newt Gingrich, said he should not be impeached simply because he had an affair with the White House intern and tried to cover it up.

The independent prosecutor, Kenneth Starr, would have to show "a pattern of felonies" rather than "a single human mistake" to establish grounds for impeachment, Mr Gingrich said.

Mr Starr is expected to report to Congress next month. It will then be up to Congress to decide whether or not to launch impeachment proceedings.

Mr Starr's aim is to prove that Mr Clinton has habitually obstructed justice and encouraged people to lie under oath. Although his four-year investigation has covered several alleged scandals, his office has hinted that the report will concentrate on the Lewinsky affair.

One "knowledgeable source" close to the investigation said Mr Starr's report includes

graphic vignettes of the sexual encounters between Mr Clinton and Ms Lewinsky in the White House. The details will make people "want to throw up", the source told Newsweek magazine.

The calls for Mr Clinton's impeachment have faded as members of Congress start to look for ways of punishing the president that fall short of throwing him out of office.

The Republican Senate majority leader, Trent Lott, has proposed a censure motion. This would have no legal ramifications but would allow members of Congress to express their disapproval of the president's behaviour.

"There's a high value to stability. I don't like changing who the president is capriciously"

This call was taken up by some Democrats at the weekend. "You can't pretend you can't change who the president is," said John LaFalce, a New York congressman.

"Maybe a reprimand would be in order, if it would bring the matter to a close."

Many Republicans are reluctant to hand the keys to the White House to the vice-president, Al Gore, before he runs for president in 2000, and do not believe impeachment is in their best interest.

## Extremists face British ban

David Pallister on the legal crackdown threatening Islamic groups

**T**HE British Government is coming under pressure to bring forward its anti-terrorist legislation, aimed in part at stifling refugee Islamic fundamentalists who openly support — from their London suburban bases — attacks on Western interests.

The comments of Sheikh Omar Bakri Mohammed, who said this week that "United States forces are legitimate targets", may have been a declaration too far.

But the sheikh is only one of many. Every faction and feud in the Middle East, from Algeria to Afghanistan, is represented somewhere among the hundreds of Muslim groups that have proliferated in Britain in the past few years. The government of Algeria, Tunisia, Egypt, Saudi Arabia and Bahrain have persistently complained that British asylum laws shield individuals or apologists linked to terrorist groups.

But the activities of Sheikh Omar, who has been a refugee in Britain since 1985 and who has publicly supported the Palestinian movement Hamas, Pakistani militants in Kashmir, and lately the Saudi renegade Osama bin Laden, may soon be proscribed.

In the autumn the Government is to publish a consultation paper on a comprehensive anti-terrorist law likely to outlaw conspiracy to commit violence abroad as well as fund-raising for terrorist groups.

That could shut down groups as disparate as Sheikh Omar's al-Muhajiroun (The Emigrants) and the International Secretariat of the Liberation Tigers of Tamil Eelam.

With its historic links to the Middle East and relative tolerance towards asylum-seekers, London has long been a magnet to dissident Muslims.

The first real signs of a hardline Islamic voice started with the support which Karim Siddiqui — the late founder of Britain's "Muslim Parliament" — gave for the death decree issued in 1989 by Ayatollah Khomeini of Iran against the writer Salman Rushdie. But attempts to clamp down on Muslim groups will be fraught and moderate Muslim leaders will, as before, raise the cry of Islamophobia.



Omar Bakri Mohammed: testing British tolerance



As the economic crisis worsens, the new boyars hope the return of political muscle-man Chernomyrdin will tip the scales further in their favour

# Russian elite weighs in for new PM

James Meek in Moscow

**T**HE latest upheaval in Russia's nervous ruling class had nothing to do with ideology or ability, it became clear yesterday, it was all about weight.

For the anxious new boyars of business and politics, the contrast between the diminutive frame of Sergei Kiriyenko, the outgoing prime minister, and the hefty paunch of the incoming Viktor Chernomyrdin was matched by the light-weight credibility of the youngster: when it came to the crunch, they feared, no one would obey him. And the crunch is now.

Whoever becomes Russia's next supreme leader, the message went, must have weight — authority, experience, ruthlessness. And since Sunday, Mr Chernomyrdin is the heaviest of them all.

"What we need today are heavyweights," Boris Yeltsin

said. A radio commentator responded: "The president's weight has been diminished." President Yeltsin's press spokesman intoned sadly: "In crisis conditions, there was no time to increase Kiriyenko's weight."

Out in Siberia, the former general Alexander Lebed, a regional governor and presidential hopeful who might have been expected to oppose Mr Chernomyrdin's elevation, admitted: "The situation is such that only a political heavyweight can be prime minister. Someone else, even the most talented and intelligent, cannot tackle the situation because they need time to gain political weight."

What does it mean to have weight in Russia? In quiet times, it means the ability to squeeze concessions from the country's increasingly oligarchic ruling layer of governors, party leaders and businessmen. In times of crisis, such as now, it means the ability to protect them.



The economic challenges ahead are 'absolutely new and dangerous without precedent'

Anatoly Chubais

One well-informed newspaper editor, Vitaly Tret'yakov, told the Guardian yesterday that the decision to sack Mr Kiriyenko was taken in principle last month, and that the choice of Mr Chernomyrdin to succeed him was made at the beginning of last week after a political summit between him and an-

other "weighty" candidate, Anatoly Chubais. Mr Tret'yakov, the editor of Nezavisimaya Gazeta, whose proprietor, Boris Berezovsky, is close to Mr Yeltsin's inner circle, said he believed the final catalyst for Mr Kiriyenko's dismissal was the United States missile strike against Afghanistan and Sudan.

"It forced the people at the top to think about what would happen if they needed someone apart from Yeltsin to take the kind of decision made by Clinton," Mr Tret'yakov said. "What generals would obey Kiriyenko? He was too young. It was necessary to get someone the security structures would listen to."

The question now is where will Mr Chernomyrdin throw his weight. As Mr Yeltsin's appointed successor as president, with *carte blanche* to form his own government and a serious bid in progress to win a permanent parliamentary majority for his policies, Mr Chernomyrdin is in a powerful position.



'It is too difficult to carry out reforms in the conditions of such an ugly market'

Boris Nemtsov

From a rank outsider in the presidential election stakes in 2000, he has vaulted ahead of Gen Lebed and Moscow's mayor, Yuri Luzhkov. The three main national television channels support him.

Yet so far all the manoeuvring has been inside the narrow circle of Russia's power elite. The people at large have not been consulted about the deck-shuffling.

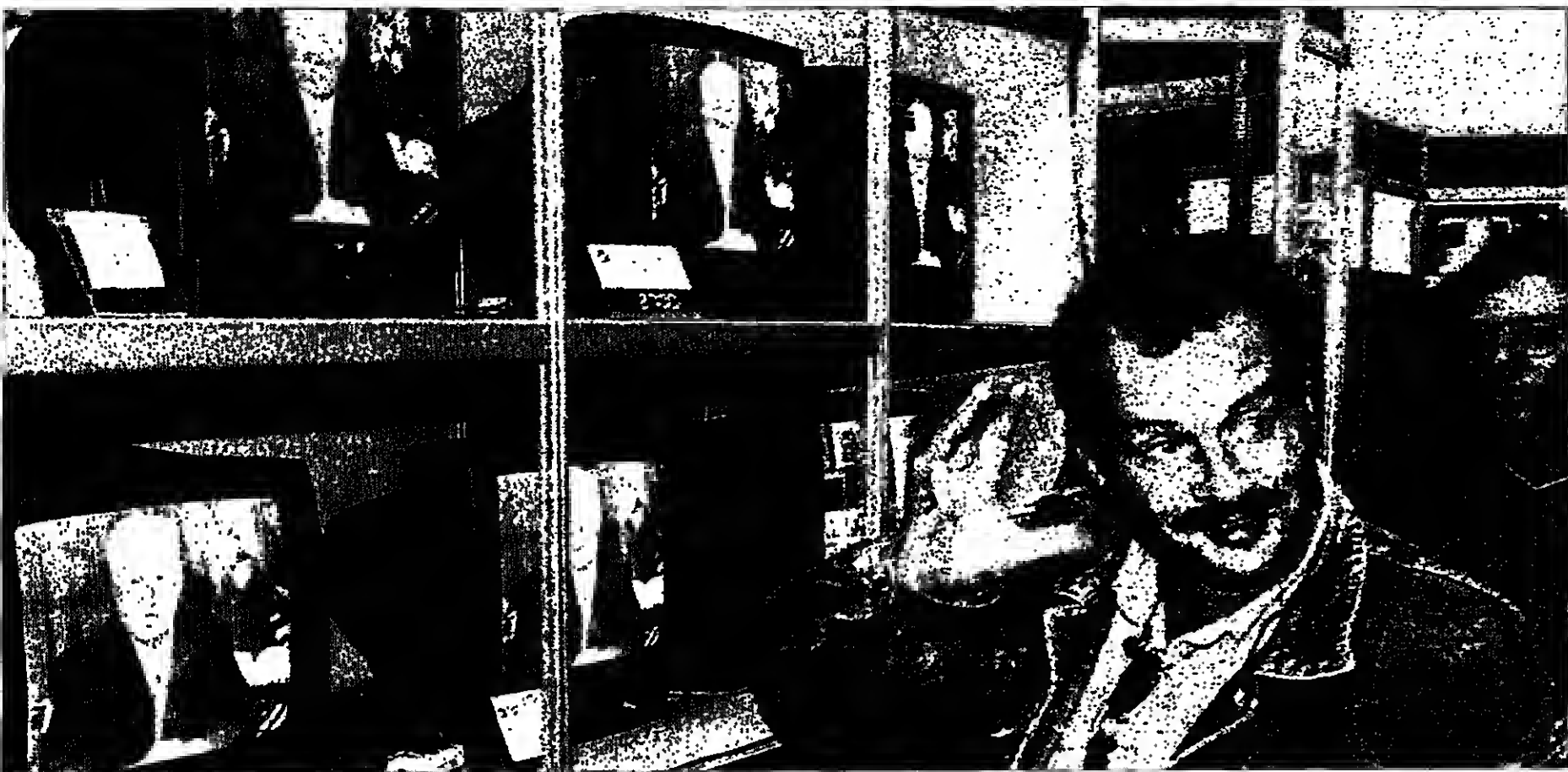
They will have to bear the brunt of a financial crisis which has barely begun. Even during the country's stock market boom of 1996 and early 1997, tens of millions of Russians lived in ever-worsening poverty. Mr Chernomyrdin's weight is less likely to be brought to bear in defence of the people than in defence of the ruling class — the tycoons, politicians and Mr Yeltsin's entourage.

"Chernomyrdin hasn't been appointed at the moment when the crisis has been overcome, but at the point when it's only really begun in earnest," said one political commentator, Alexei Venediktov. "There's no sign of the situation improving, and the consequences of the mistakes Chernomyrdin made when he was first in office are far from exhausted. In the next two months the banking crisis will get worse, prices will rise and inflation will set in."

Mr Chubais called the economic challenges ahead "absolutely new and dangerous without precedent... Each day of delay will cost us very dearly."

Boris Nemtsov, a deputy prime minister under Mr Kiriyenko, resigned yesterday and said he would not serve under Mr Chernomyrdin. "It is too difficult to carry out reforms... in the conditions of such an ugly market, where competition is nonexistent, monopolies rampant, where rules are few," he said.

City notebook, page 11; Markets in turmoil, page 12



From Moscow, President Yeltsin appeals yesterday for people to back his government appointments, watched by passersby at a St Petersburg shop

PHOTOGRAPH: ANATOLY MALTSOV

## 'Chernomyrdin is to blame'

Tom Whitehouse in Moscow

**T**HE VIEW across the river, the polished mahogany desk and the portrait of President Yeltsin above it were all as Victor Chernomyrdin left them when he was dismissed as prime minister five months ago, to be replaced by Sergei Kiriyenko.

But in one respect the working environment of the returning Mr Chernomyrdin has radically changed. Each morning, as his motorcade whisks him through the gates of the White House, where the government operates, the new-old prime minister will be harangued by about 150 miners banging their helmets on the ground.

They want their back wages paid, and the resignation of President Yeltsin and his ministers.

"What new government?" asked Vladimir Serdyuk, aged 48, from Vorikuta in Siberia. "Chernomyrdin was prime minister in 1992. He, more than Kir-

iyenko, is responsible for our problems."

For 10 weeks miners from all over Russia have been camped outside the prime minister's office. They have built a memorial there, in the form of president Yeltsin's grave, surrounded by miniature railway tracks and steel girders.

"Chernomyrdin wants to be president and has come back as prime minister because Yeltsin is really ill," Mr Serdyuk said.

The miners have little expectation of a calm handover. "There has never been a peaceful change of regime in Russian history," said Andrei Razvenkov, aged 51, also from Vorikuta. Although they intend it to be peaceful, their own protest could easily lead to confrontation. By blocking the Trans-Siberian railway, miners periodically brought Russia to a near standstill during the summer.

"The country is beginning to wake up," said Mr Razvenkov. "But the government is ready to destroy the people."

## Le Pen and deputy vie for power

Paul Webster in Paris

**A** POWER struggle in the leadership of the French National Front developed yesterday when its deputy leader, Bruno Mégret, defied Jean-Marie Le Pen and said he would lead the movement's candidates in the June 1999 European Assembly elections.

Mr Mégret, who is seeking an alliance with breakaway members of the moderate right, said he was ready to ask for a party vote if Mr Le Pen insisted on his wife, Jany Le Pen, heading the National Front slate for him in the ballot. Mr Le Pen, leader of the movement for more than 20 years, nominated his wife after a court disqualified him from

holding public office for assaulting a female Socialist politician last year. A ruling on his appeal is expected on September 23.

But Mr Mégret said the nomination of Mrs Le Pen was "not a good idea". "I have laid down my claim to this position, based on a quite simple principle: When the chief is impeded, his deputy should stand in for him," he said. "If there is any disagreement on this matter I shall ask for a vote from party officials."

Mr Mégret believes that under his leadership the front could become the dominant party in the rapidly changing French political scene. After the regional elections in March, four conservative regional chairmen allied them-

selves with the front when Mr Mégret decided to play down the most virulent clauses in the party programme.

Since then more rightwing leaders have rallied to the front's racist theories, opening the way to a national coalition. Mr Mégret is counting on the party winning at least 15 per cent of the vote next year. If his allies score the same, the new alliance will be a credible challenger in the 2002 French parliamentary poll.

His attempt to please the moderate electorate has been undermined, however, by a campaign by the weekly propaganda magazine of the extremist movement, its editor, Martin Belter, wrote that immigrants should be rounded up and put into concentration

camp — a policy outlined by Mr Mégret before his attempt to modify his image.

Mr Mégret told the Le Parisien newspaper yesterday that his party's immigration policy was limited to arresting and deporting illegal migrants. His European campaign would be based on defending French interests and curbing immigration: "Issues in which only the National Front is taking a lead."

On the European elections, party members could accuse Mr Mégret of hypocrisy in opposing Mrs Le Pen. When he was disqualified as mayor of Vitrolles for electoral irregularities, Mr Mégret's wife, Catherine, was elected in his place and continues to run the Marseille suburb from behind the scenes.

## Angolan troops pour into Congo

Anna Richardson in Luanda

**A**NGOLA poured troops into Congo for the third day running yesterday, according to witnesses in Cabinda, the Angolan enclave in former Zaïre.

"This is a huge military operation," one said by telephone. "On Saturday and Sunday the convoys were so long that they started moving out at 5am and carried on until 6pm. The same thing is happening today."

The rebels seeking to overthrow the Congolese president, Laurent Kabila, say that Angolan MiG fighter planes have attacked rebel-held towns.

Witnesses said the Angolan convoys comprised tanks, armoured personnel carriers and trucks carrying hundreds of soldiers. Military transport planes had been flying into Cabinda since the end of last week, they said. Dead and wounded Angolan soldiers were airlifted out.

The local airport was closed at times at the weekend and even employees of Angola's national airline, Taag, were denied access.

"They've been trying to keep the operation a secret

but they can't because everyone is seeing it," a witness said. "The convoys are crossing into Congo at the Iema border point."

Iema lies only 12 miles from the Congolese garrison town of Kitona, which has been serving as a rear support base for rebels marching towards the capital, Kinshasa.

Angola has refused formally to confirm that it is helping Kabila fight off the rebellion, in which Tutsi-led forces are approaching the capital from the east and west.

But South African President Nelson Mandela and Congo Justice Minister Mwenze Kongo said separately in Pretoria that Angolan forces were fighting alongside Kabila's troops.

Senior government and military officials in Luanda refused to comment. There has been a news blackout on the intervention in Angola's state-controlled media.

In a separate development, the Angolan rebel movement Unita decided yesterday to cut its ties with Portugal, the United States and Russia, observers in the country's peace process since 1991. It accused them of backing the MPLA government. — Reuters

## 'Very poorly' Suu Kyi ends road protest

Reuters in Rangoon

**B**URMA'S opposition leader, Aung San Suu Kyi, returned home in an ambulance yesterday, ending a 13-day protest against the military government's restrictions on her movements.

She and three supporters had refused to leave their minivan just outside the capital Rangoon since August 12, when their route west was blocked.

Hours before her protest ended, her National League for Democracy party issued a statement saying senior party members had beseeched her to call it off because of her "critical health condition".

On Sunday the NLD warned that she was dehydrated, suffering from constipation and "might go into shock any time".

It said she was only willing to end the protest if the authorities freed 97 of her supporters held since May. There is no indication that the government has met this demand.

A diplomat quoted NLD sources yesterday as saying Aung San Suu Kyi was "very poorly". He said the authorities had set up heavily guarded road blocks around the gates to her compound.



Suu Kyi: Ambulance took her back to her compound

A government statement said the ailments Aung San Suu Kyi was complaining of were "common ailments that are easily treatable".

Shortly before Aung San Suu Kyi returned home, more than 100 students staged a protest in support of the NLD's demand for a parliament to be assembled.

The sit-down protest, which was broken up by riot police, was the first of its kind since December 1996, when the authorities closed the country's universities to prevent student demonstrations.

## Two-thirds of Bangladesh engulfed and floodwaters are still rising

Syed Ahmeduzzaman in Demra

**W**ITH millions of people marooned and clinging to their swamped homes, the worst flooding in Bangladesh for 10 years is reviving dreadful memories of the past.

The floods have engulfed two-thirds of this delta country for more than six weeks, and disrupted the lives and work of 25 million people.

More than 550 people have died, and with the high water expected to remain until mid-September when the rainy season ends, the prospect is that many more will die.

"It already looks like the 1988 floods," said Hashem Ali Matbar, aged 57, who lives in Demra, nine miles from the capital, Dhaka. He pointed to a wide waterfront dotted with houses submerged up to their roofs.

The 1988 floods, the worst in recent memory, killed more than 5,000 people.

In 1988, he said, speaking from a boat, "most of our homes had collapsed when the floodwater receded".

He feared the devastation could be worse this time, because the water had remained much longer than in 1988. "I can see a repeat of 1988 and I fear the impact could be more colossal."

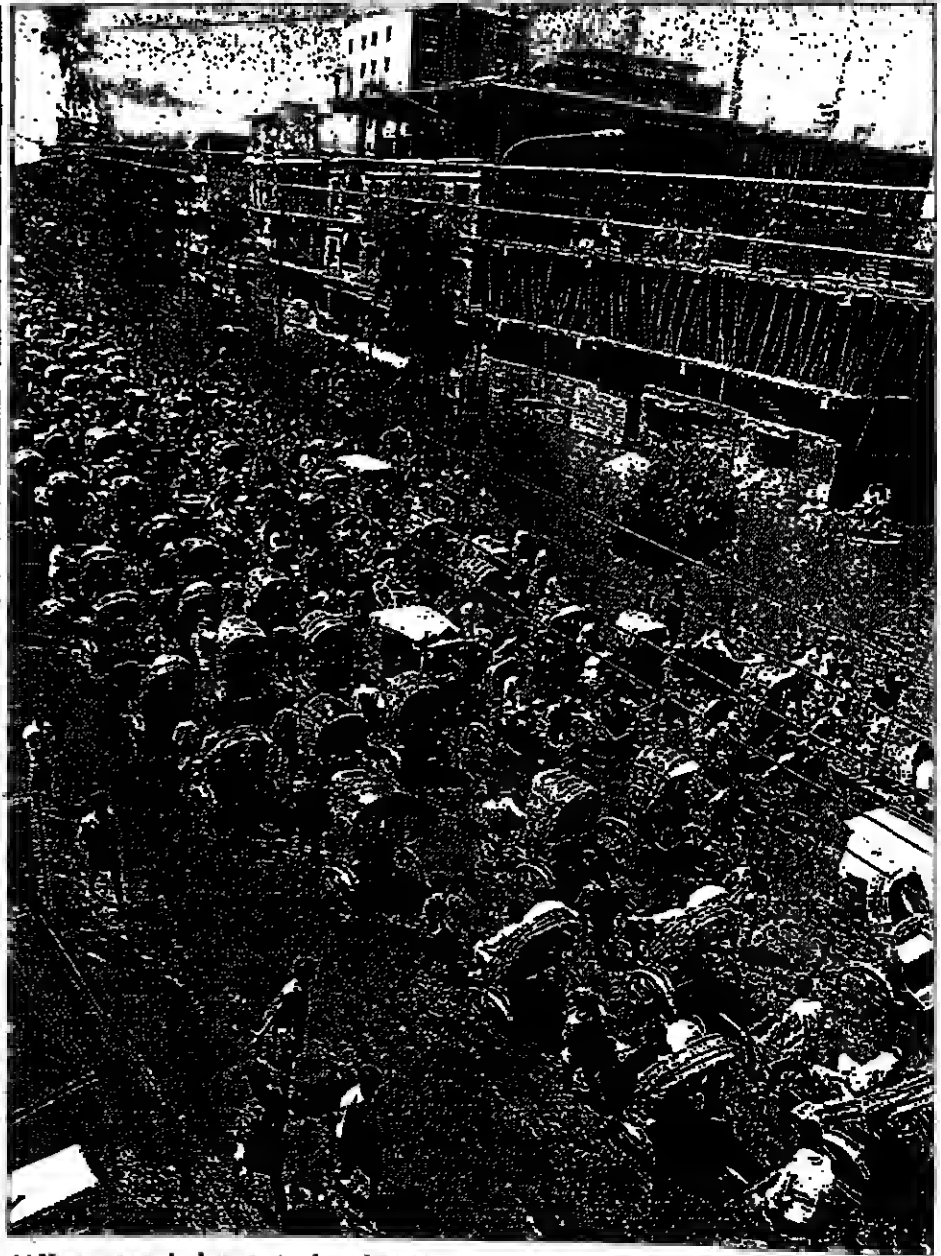
The water went on rising yesterday as major rivers continued to swell, meteorology officials said.

Many farmers have been unable to plant their crops on time and wells have been contaminated. At least 85 have died so far from water-borne diseases.

The government is asking for "any form of assistance" from any government or agency. It estimates the damage so far at \$400 million.

Six miles from Dhaka, at Mallik Para village, Tahmina Khatun, aged 14, was alone on a raft near her submerged home. Her father had gone to the city in search of work while she stayed near the house.

"This is a daily routine



At Narayanganj, river water invades the town

PHOTOGRAPH: RAFIQUR RAHMAN

since the floods have come," she said. "My companions are my ducks... Sometimes I feel threatened by snakes, but I am still alive."

Villagers said the only mode of transport was boat. "Many people also sleep on boats," said Kader Mollah of the same village. He said

the floods had destroyed his rice paddies.

The government, which is sending dry food and other relief supplies to the victims, says nearly 500,000 tonnes of rice has been ruined in the fields. Narayanganj, a river port 12 seven miles from Demra,

was submerged yesterday, witnesses said. Roads, railways and a ferry terminal were flooded, leaving the residents almost cut off.

"There is no place dry in this town," said a local businessman, Sohrab Hossain. "The water is still rising." — Reuters

مكتبة الامم المتحدة







# Comment

## Diary

Simon Bowers

I can't be easy trying to act like just another regular guy when you are a household name such as Peter Mandelson. A gratuitously intrusive article in the Sunday Times earlier this month told how he has been spotted on shopping excursions in "unattractive sportswear" ("cycling shorts and a vest" on one occasion and, on another, "shorts that were too short for a man of his age and fitness level, black work-socks with his trainers and a long-sleeved cotton business-shirt"). With this level of public attention focused on him it is little wonder that Peter recently visited Labour supporter and personal friend Terry Conran, asking him to open his Fulham Road store after closing time so that he might shop in privacy. It had been thought, among staff, that this practice was reserved only for royalty, but as Terry clarified in the Daily Mail yesterday, "I would do this for any of my friends and customers who said they were in a bit of a hurry." Always finding ourselves pressed for time, we rang the store immediately to let them know we would be turning up after hours for half a dozen of Terry's nice stainless steel forks. After some time we were put on to a charming man called Jeff Harding. "Sure, we would be happy to stay open a bit later," he says, "when would you like to come in?" Egalitarianism, it seems, remains in vogue at the Conran Shop.

**THE** Diary's People-friendly Guide to New Labour Lexicon, dogged so far by a deluge of un-reconstructed correspondence — some containing bad language — from a small ring of highly organised saboteurs, makes its final bid to attach some meaning to the complex structures of New Labour phraseology. This week we examine Mr Tony Blair's intriguing 1996 description of New Labour as a party of "One Nation, One Nation". Only helpful suggestions will win a bottle of Champagne.

**SOMETIMES** it is easy to be misunderstood, as the latest contender for this month's PC Brains award found out. Coming across a road accident outside a pub, Inspector Nigel Lanes of West Yorkshire police tended to a woman driver. Though she wasn't hurt, explained Nigel, she would have to wait for divisional officers to arrive and breathe life into her. But, pleaded the woman, she was supposed to be at her soon-to-be-married friend's party in the pub. Nigel assured her that he would personally inform the friends that she would be late. Stepping into the private room PC Lanes, in full uniform, was surprised to find himself the centre of attention at the party. "At last," the women yelled predictably. "Get your kit off!"

**THE** standard of hair-dressing at Northwick Park Hospital in north west London has been dangerously high of late, reports the Harrow Observer. So high in fact that one local resident, unable to walk the distance, made an appointment with the hospital hairdresser, then called an ambulance to pick her up. On arrival she thanked the driver and went off to get her hair done. "She's outdone herself this time," said a paramedic. "We have about two or three regular ambulance abusers in the area and some call us out up to three times a day." An ingenious arrangement, but the Diary can't condone this particular form of time-wasting phone call.

**A** SORRY tale reaches us from the hitherto place of zero tolerance policing. Most car drivers have experienced the frustration of snot-geezers who neglect to ask if you want your windscreen cleaned — they just slopsop water over it and expect payment. No one, however, has embraced the spirit of intolerance like New York police officer Michael Meyer who, reports Bizarre magazine, faces an attempted murder charge having shot homeless man Antoine Reed in the chest at a traffic junction in the Bronx for the offence of cleaning his windscreen.



## Superpower update: US is morally bankrupt, Russia just bankrupt

Larry Elliott



**FIFTY** years ago, American planes took to the skies to defy Stalin by airlifting supplies into a besieged Berlin while American money poured into Western Europe to rebuild economies ravaged by war. Harry Truman was the original cold war warrior, but he did what he did because he believed it was the best way to save the things he held dear — freedom and democracy — from Soviet totalitarianism.

Last week, American cruise missiles took to the skies to take out alleged terrorist targets in Afghanistan and Sudan while American financiers berated the Russian government for defaulting on its foreign debt. Just like Truman, Bill Clinton, the first post-cold-war president, believed it was the best way to save the thing he held most dear — his job.

These are troubling times. Far from being the End of History, the 1990s have been riven by ethnic tension, poverty, terrorism and financial instability. The world economy is closer to a depression than at any time since the 1930s, but there is a power vacuum where the old bipolar post-war international system used to be. Put simply, America is morally bankrupt; Russia is just bankrupt.

All this has come as a nasty shock to the disciples of the New World Order. By the end of the millennium's final decade, the West was supposed to have exported rising prosperity, peace and democracy to the far-flung corners of every continent. Unencumbered by the alternative Soviet model, the globe would be basking in post-conflict glory. With less than 18 months to go before the millennium celebrations, what we actually have is a global financial crisis, Russia in anarchy, and the War of Clinton's Will.

Russia's economy has imploded and feudal warlords are killing the power vacuum left by the collapse of the centralised state. Having imported free-market economics in its pure, undiluted form, Russia appears to be on the point of re-exporting it as the latest stage of the financial crisis that began in Thailand a little over a year ago.

America's problems are different (although to the extent that it is running a monthly trade deficit of \$15 billion, it too is having trouble paying its way). Only 72 hours separated Bill Clinton's appearance on network television last Monday as a semi-confrontational deviant to admit that he lied about his sleazy relationship with Monica Lewinsky and his reappearance before the cameras on Thursday as Commander in Chief to announce the launch of cruise missile attacks on Afghanistan and Khartoum.

Normally, the claim by the Sudanese government that the factory flattened by the Americans had been used to manufacture medicines and not the production of chemical warfare materials could have been shrugged off as the sort of thing states harbouring terrorists always say when they are found out. Last week it couldn't. Whether or not the Pentagon has prima facie evidence that the plant was turning out weapons of mass destruction — and it has been remarkably slow in producing its alleged cast-iron proof — first impressions count. And the first impression is that a man who would execute a mentally defective killer to make it to the White House, and descend to the lowest form of casuistry about his sordid sexual behaviour in order to stay there, would have few qualms about flat-

tening part of a city 99 per cent of Americans would have trouble locating on a map.

There are two ways of looking at all this. One is that none of it really matters and that there is no need for an ideological compass in an age of diminished expectations. We no longer have to worry about what is right or wrong but merely about what works and what we can get away with. So, if Clinton can deliver growth and jobs, nothing else counts. Moral relativism? On the contrary, an example of the new realism and the culture of the bottom line. So, if American embassies are attacked by terrorists, it is justified in launching cruise missile attacks on Afghanistan and Sudan. An abuse of power? Just doing what has to be done to get a result in our post-ideological age.

Crucially, however, this

**Lack of leadership at a global level is profoundly worrying**

line of argument presupposes that the New World Order can actually deliver on its promises and that the current convulsions of problems are merely a minor impediment to the road to the promised land. It presupposes that the fight against international terrorism will be helped rather than hindered by the US missile attacks, that the root cause of the terrorism problem — the stand-off between the Israelis and the Palestinians — is on the point of being settled and that Russia is being miraculously transformed by free-market shock treatment.

The other way of looking at

things suggests something rather more fundamental is going on and that the lack of leadership at a global level is profoundly worrying.

Seen in these terms, the marked similarities between the mid-1970s and the late 1990s start to look like something rather more serious than merely a re-run of an old movie. Although nobody realised it at the time, the fourfold increase in the oil price in late 1973 marked the end of the long postwar boom. It also marked the end of the doctrines associated with the boom — interventionist economic policies, redistribution, controls on capital.

Few — if any — of the grandiose claims for the post-Keynesian era have been realised. Growth has not been faster; it has been slower. Unemployment is not lower but higher. Political life was not cleansed, but became a cesspit.

Whereas optimists would say that everything will eventually turn out for the best, pessimists would argue that the descent of Russia into a barbaric economy and a rampant financial crisis cannot simply be dismissed as a blip.

Crucially, however, the optimists tend to be the rich and powerful — people who have done rather well out of the less egalitarian, more deflationary years since 1978. If the pessimists are right, the world is going to need leaders to chart a way through to the next upwarp. Last time we had Keynes and Truman, the Marshall Plan and the regulation of capital flows. This time, the United States is led by a serial philanderer and self-confessed liar, and Russia by someone who gives the impression of being a couple of bestrooks short of a barbershop. It is not a combination that commands confidence or generates respect.

## Wicked Willie

Clare Boylan



**CYRIL CONNOLLY**, in his novel *The Unquiet Grave*, observed: "In the sex war man's greatest crime is thoughtlessness, woman's greatest crime is vindictiveness." When Bill Clinton finally confessed to misleading his wife and the nation he declared that the matter was now between himself "and the two people I most love — my wife and our daughter". He failed to realise that in neglecting to mention Monica Lewinsky, he had fired the first shot in a sex war.

Few people took Monica Lewinsky seriously when she claimed to be feeling "incredibly scorned" by the president and told the world she believed they had a "unique intellectual and emotional bond". Men like the president don't have serious relationships with girls with big hips and big hips. But the former White House intern has been telling the truth far longer than her former inappropriate inamorato, so there's no reason to doubt her now.

Men like Bill Clinton persist in seeing sex and adultery as an agreeable and inexpensive sport, somewhere below football for commitment, and beneath squish for aerobic exercise. They view love as a slightly shady game like poker, in which the rules of honour can be stretched a long way in the interest of winning.

For certain men, the concept of honesty simply does not extend to their sex lives. It is, as the poet more or less put it, "a thing apart". When the fantasy fades, they frequently feel that they have been victims of an altered state. Here's a quote from a letter D H Lawrence wrote to a friend, Dr Trigg Burrow: "I'm not sure if a mental relation with a woman doesn't make it impossible to love her. To know the mind of a woman is to end in hating her. Love means the pre-cognitive flow... It is the honest state before the apple."

Once the apple is consumed, the honest state may be resumed. If love is a pre-cognitive flow, it is surely permissible, in the post-perceptive flood, to wash the episode right out of their hair.

**THE** problem with this is that, in denying the event, the man is denying the very existence of the woman. The response of the scorned female is to make her presence felt by him in the only manner that remains open to her — revenge.

Outrage at the president's suggestion that she was no more than his sexual servant has transformed Ms Lewinsky from a dummy and vulnerable young woman to an avenging

angel, dedicated to bounding him out of the White House. The "hell hath no fury" female pictures herself as a victim of one man's betrayal. In reality, she is a victim of a social hangover which portrays women as the property of men, existing on the approval and benevolence of the male sex. When a man chooses this kind of woman, it is always an indication of the hunger of his ego.

Apart from Hillary, all the women associated with the president have been of a similar overly sexual physical type. It is also relevant that Monica Lewinsky was, when the affair started, only 21 and less than half his age. She was, to coin a horrible phrase, a himbo. Precisely because such a woman looks to a man for her empowerment, she must reclaim her power through him. For this, she resorts to revenge.

So what exactly can Ms Lewinsky do? She can transform him from an almost enviable sexual athlete into a pathetic sleazebag. The internet's Drudge Report claims to have sex, lealage, from Ms Lewinsky's testimony in which she describes having performed the marriage act with a cigar while the president masturbated. This gives a whole new version to the Kipling quote: "A woman is only a woman, but a good cigar is...". Yes, well, come to think of it, it also gives a new dimension to Mr Clinton's earlier non-smoking protest, "I didn't inhale."

Apparently Ms Lewinsky has hinted that more is to follow and that the president was given to "unusual practices". Up to now, the worst his critics could do to him was to refer to him as Slick Willie. His angry ex is rapidly reducing him to Slick Willie. She is the wronged and the righteous. She knows she will be believed.

Already, the old-lady contingent of Clinton's supporters is reaching for the Rennies.

**Ms Lewinsky has hinted the president was given to 'unusual practices'**

Asked if he shared the same moral views as most Americans, in the latest CBS/New York Times poll, only 36 per cent of Americans said yes; 59 per cent said no. Sex was perfectly defensible in a regular guy. It was a sign of a real man, and even if you couldn't depend on him to stay loyal in a marriage, you could count on him to defend you in a war. But the same citizens have a very low tolerance threshold when it comes to waving around private parts in public and leaving schoolbag stains on ladies' dresses. And as for the picture of the president performing a Portnoy!

Long after such folk have forgotten the brunt of bombshell and the bombs they will still be shuddering over the all-too-graphic image of Wicked Willie.

Clare Boylan's latest novel, *Room For A Single Lady*, is published by Abacus (£2.99)

Internment didn't fail in 1971 because it was mistaken, but because it was bungled. Now it's a question of whether it is morally right.

## Omagh dilemma

Ian Aitken

**P**ART of the received Westminster wisdom about coping with Northern Ireland's Troubles is a firm conviction that the internment of known terrorists quite simply doesn't work. The most recent minister to express this view is Mo Mowlam, but it has been abared by all her predecessors at the Northern Ireland Office, starting with Lord (Willie) Whitelaw.

The evidence usually offered for this view is that the programme of internment introduced by the Heath government in 1971 was a disastrous failure. Outside the leader writers' room at the Daily Telegraph, it is almost universally agreed that the sudden "lifting" of 600 alleged gunmen supplied the Provisional IRA with the best

recruiting agent it ever had. Now, I am no vociferous internment without trial, and I can think of plenty of persuasive arguments against it besides the assertion that it doesn't work. But in considering what to do about the people who perpetrated the Omagh atrocity, it is as well to get the facts straight. And one fact is that internment didn't fail in 1971 because it was mistaken. It failed because it was bungled.

This should have been obvious as soon as the Army began banging on doors across the province at the traditional hour for such operations, which was just before dawn on August 9, 1971.

They were armed with lists of names provided by the Royal Ulster Constabulary and endorsed virtually sight-nseen by Brian Faulkner, the then Stormont prime minister. The

problem was that the list was largely rubbish. This eventually became clear when direct rule from Westminster replaced the Faulkner regime. Whitelaw had not been in Stormont Castle long before he discovered that the list supplied to the Army had been drawn up by a notoriously Orange

civil servant, who had given the black spot to all sorts of people with only the most tenuous connection with the republican movement. Willie's conclusion was that detention must go. Moreover, there was virtually no documentation to

back up the list, which posed a problem not only in the original rounding (the Army got on a man too many) but also for settling who should be let out. As a result, the releases were almost as arbitrary as the original arrests.

The true lesson is that lifting so many people was bound to be a fiasco. But what we are talking about now is, by common consent, a few score at the most. Even the ordinary citizens of Dundalk know who they are, and want to see the back of them. In these circumstances, putting them in the bag presents no difficulty. It's not a question of whether it would work, but whether it is morally right.

ALAS, coping with moral issues doesn't come easily to the Home Office. But what on earth was its immigration section thinking about when they issued an instant

deportation order against Andrew Lawum, a 36-year-old Ugandan who has been here for eight years?

Mr Lawum is the son of the former Archbishop of Uganda, Janani Lawum, who was tortured to death in 1977 because he had the

courage to rebuke the appalling Idi Amin to his face. Since then, the Archbishop has been declared a 20th century saint by Westminster Abbey. A statue of him was unveiled by the Queen this summer, with his son present. But Mr Lawum has

had the effrontery to apply for asylum in this country, on the grounds that his brother has also been murdered, and that he too will probably be killed if he returns to Uganda. None of this means anything to the Home Office — not even for the son of a saint.

So what on earth were they thinking about when they gave Mr Lawum 24 hours to leave Britain? The answer is that the Home Office has only one consideration in these situations, and it isn't morality, or even common decency. It is the problem of precedent.

They are, quite simply, petrified of sanctioning the tiniest variation in established practice, lest it creates a precedent which could be quoted back at them. Presumably they have nightmares about thousands of saintly offspring queuing up to get into Britain.



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## The end of Yeltsin

### Russia can breathe again

BORIS YELTSIN has given Russia its best news for a long time. In praising his re-appointed Prime Minister Viktor Chernomyrdin yesterday as a man whose virtues will be "decisive" in the presidential elections of 2000, he was signalling that he will not run again. The risk that he would provoke yet another constitutional crisis by trying to have a third term in power falls away. Russia can breathe again.

Mr Yeltsin long ago outlived his usefulness. His on-again, off-again style of government deprived the country of any sense of political or economic strategy. His addiction to alcohol turned his public appearances into constant embarrassment. He treated his ministers with the jealousy of a martinet, scolding them in public or sacking them if they appeared to be stealing the limelight. He manipulated the media shamelessly. He poured contempt on parliament, as though it were an inconvenient road block rather than a chamber of popularly-elected representatives. On this occasion at least, by dismissing the young Sergei Kiriyenko as Prime Minister, Mr Yeltsin has accepted the will of Parliament. Every faction in the 450-member Duma voted last Friday for Mr Kiriyenko to go. Mr Yeltsin did not present the dismissal as democratic justice yesterday, and no doubt that was not the motivation. More probably, his daughter and other close advisers realised that unless they won Mr Chernomyrdin back by appointing him as his apparent they faced two risks.

Pressure might grow to the point where the entire elite would call on Mr Yeltsin to resign even before 2000. Secondly, there would be no guarantee that a victorious Chernomyrdin in 2000, let alone some other successful president-elect, would not investigate the Yeltsin family finances. Russian leaders have a habit of being vindictive to their predecessors (as Mr Yeltsin was to his). Mr Chernomyrdin's appointing as the successor may have given Mr Yeltsin the deal on a free exit which he was seeking.

What Sunday's reshuffle will do for the economy is less clear, or whether Russia can escape the straitjacket of neo-liberal policy which has caused a collapse in industrial output and left it at the mercy of speculative capital flows. No party in the Duma is sure of the alternatives, and the system is riddled with contradictions. The Communists, for example, voted last month to lower the tax on Russian oil companies. If they have a strategy, it seems to be to support Russia's "patriotic" capitalists, including the country's raw material sector and what is left of industry, against foreign investors and the importers — what their one-time mentor, Karl Marx, would have called the "compradors".

Although they are the largest party in the Duma, the Communists appear to have given up hope of winning the Presidency. They see their only chance of power as members of a coalition government. Mr Chernomyrdin made it clear yesterday that he is not in favour of one, at least in the classic terms of parliamentary democracy under which he nominates his team before seeking a confidence vote. But he appears willing to appoint a government that will represent the balance of elected forces (which includes the moderate neo-liberal Grigory Yavlinsky as well as other non-Communist nationalists).

Sergei Yastrzhembsky, Mr Yeltsin's spokesman, said yesterday that although market relations will continue, there will be "serious changes". That, along with the Duma's plan to work out a new programme, also sounds good. Instead of the constant echo from Western governments that IMF-promoted "reforms" must continue, Russia may at last get an economic re-think and consensus politics. The Great Confronter is stepping down.

## Off-shore justice

### Gadafy has been boxed in

CYNICS AND self-styled "realists" will be quick to point out the limits of Robin Cook's proposal to shift a Scottish court of law to the Netherlands in order to try the two Libyans suspected of first-line responsibility for the destruction of PanAm flight 103 over Lockerbie nearly ten years ago. Doesn't it look quaint, when cruise missiles constitute one western form of justice, to argue due process and bewigged procedure? If they will go on, the Gadafy regime can absorb one decade of sanctions and ostracism, its second — in an era of renewed tension throughout the Arab world — could well be easier.

Constituting a court does not, of course, guarantee anything, but the Foreign Secretary's formula is the right way forward. He has put a lot into the hard slog of negotiation with the Americans, with the Dutch, with Arab intermediaries and (especially important for this government) the relatives of those killed, and on the way has shown he may be better on detail than ethical grandstanding. What is proposed is a foreign trial according to amended national rules (a panel of judges not a jury), a prospect to set

both judicial reformers and sticklers after sovereignty salivating. The evidence has been collected under Scottish rules and could not safely be presented except to officers of that jurisdiction. The Government's scheme meets the principal objection of the Libyans to relinquishing their nationals for trial — that Scottish soil was legally inhospitable. Colonel Gadafy has been boxed in. Now it will be seen whether the Government's faith in his susceptibility to pressure from Arab powers proves well-founded. Mr Cook was at pains yesterday to distance his proposal from the contemporary political and military climate. It's not so easy. A government which responds as speedily and unreflectingly to the American strikes of last week loses leverage. Mr Cook's visit to Har Homa is now some time in the past. He and his excellent plan for rendering justice in the PanAm case would have more impetus if the British Government, either alone or under European Union auspices, was more evidently independent of the United States in its thinking about the Middle East, especially Palestine. Israel is not the only issue in Middle Eastern or Arab politics but it is central. Mr Cook's capacity to deploy Security Council resolutions and all the trappings of the rule of law would be a lot greater if British policy in the region were more demonstrably even-handed.

## Right to roam

### More walking, less talking

JUST days before the Countryside March on London in February, ministers retreated from their long-promised commitment to the right to roam. Fearful of the power of the rural lobby and anxious to protect the 170

Labour MPs who now represent rural constituencies, ministers decided to give voluntary agreements one last try. Tony Blair, who in opposition had supported the idea of a "John Smith Memorial Bill" to give rambles the right of access to mountain, moorland, heath, downland and registered common land, told the Commons he intended to give landowners two more years to reach voluntary agreements. History could have told him what this would achieve: precious little. There was already provision for such voluntary agreements in the 1949 act which set up the first national park and encouraged greater access to the countryside but little was achieved. Indeed, even the state in the guise of such agencies as the Forestry Commission, has been involved in fencing off large tracts of land formerly open to the public. Fifteen months ago the Countryside Landowners' Association (CLA) was given £70,000 by the Countryside Commission to increase voluntary access, but reports at the weekend suggested all that had been achieved was 20 acres of open access on a 3,000-acre estate owned by the CLA's President.

Now the Ramblers' Association has produced the evidence that ought to stiffen ministerial backbones: an opinion poll showing overwhelming public support for the right to roam: 85 per cent in favour with a mere 12 per cent opposed and just three per cent undecided. The CLA is wrong to imply access is being sought across every farm: only 10 per cent of the countryside will be affected. Currently, even common land can be closed to the public. The Prime Minister is correct to insist the new right should be tied to a responsibility to respect crops, livestock and valuable habitats. But that already happens. Scotland, which has an effective right to roam, demonstrates the countryside will be respected.

## Letters to the Editor

### Footnotes, and other history

IS THERE anyone else who is as maddened as I am at your inserting in almost every Letter to the Editor a reference back to some previous item? I can rarely get other than one sentence, sometimes only a few words, before I am mentally tripped up by those damned parentheses, telling me something I almost always know already.

If you must "refer back", I wish you would put the information as a short footnote, thus leaving each writer's carefully-considered opinions uninterrupted. A footnote can be read, or not, as the reader chooses. A parenthesised insertion is a brick to stumble over.

Arthur Astrop,  
Kenilworth, Warks.

PETER Bradnock, chief executive of the British Poultry Meat Federation (Letters, August 21), informs us that the houses occupied by his members' charges are purpose built, well ventilated with plenty of light and heating in the winter and that the occupants are treated to "high quality" food and drink. Many old age pensioners will be green with envy.

Dr Bob Heyes,  
Sowerby Bridge, West Yorks.

GEORGE Steiner (Great Music falls on deaf ears, August 22) is entitled to his musical speculations, airy as they may be, but he needs to pay closer attention to chronology. Steiner surmises that the young Adolf Hitler and Theodor Herzl, founder of modern Zionism, may have brushed shoulders in the same Viennese opera queue. Hitler first visited Vienna in May 1906. Herzl died in July 1904.

Norman Lebrecht,  
London.

OBVIOUSLY Britain's sports teachers are to be thanked for the recent success in cricket and athletics, or is it just that, like the Alleva, the competitions are getting easier?

Marion Lacey,  
Eastbourne.

We may edit letters: shorter ones are more likely to appear.

## A helping hand in class

PETER Hain says (Unemployed offered jobs in the classroom, August 24), that this will provide "a great opportunity for youngsters and adults who have been written off into a lifetime of despair without work". Presumably in the latter case, he is referring to redundant and unemployed teachers.

I was made redundant from a comprehensive school in 1996 because of a deficiency in the school budget. Since then I have applied for nearly all suitable vacancies within reasonable travelling distance of my home, but have not even been shortlisted or interviewed. This is despite the fact that, while working, I was teaching science and information technology — "shortage subjects". I now work part time as a classroom assistant at a special school in Exeter (57 miles away) for a salary of £4,000 a year.

I applied for the post on the basis that doing something was better than sitting at home. The school is quite pleased to have someone with the skills of a teacher for the cost of a classroom assistant. Were I teaching as a main-grade class teacher my salary would be approximately £22,000. Job vacancies invariably carry the magic words "applications from NQTs (newly qualified teachers) especially welcomed". The salary of a teacher at the bottom of the pay scale is about £18,000-£24,000 so that there is a financial incentive

for a school to employ less experienced, but cheaper, staff. The formula for school funding uses a notional average salary bill and takes no account of schools with a higher proportion of older, more experienced, and thus more expensive, staff. According to the local press, the Somerset local authority expects to make 20 teachers and 45 classroom assistants redundant in the current financial year.

M J Mumford,  
Barnstaple, Devon.

THE caution and scepticism that has greeted the proposals to offer unemployed people work as classroom assistants is perhaps understandable and justified, given the record of previous make-work schemes. At face value it displays all the usual middle-headedness of government thinking on the New Deal.

We are constantly being reminded that unemployment is itself a supply-side problem caused by a lack of skills among them literacy and numeracy — and the New Deal is simply the latest in a series of training-centred responses to unemployment. It is illogical to place unemployed people with a skill deficit in classrooms where, we are also told, these deficits are being reproduced. Presumably the proposals only apply to unemployed people with good basic literacy and literacy skills.

Could this indicate the emergence of a belated awareness that unemployment has a

demand side too? Will the Government now begin to tackle those aspects of the labour market that have caused this wastage rather than planning their strategies on what amounts to nothing more than an act of faith that training creates jobs?

Tony Fagan,  
Lecturer in Social Policy,  
Edge Hill University College,  
Ormskirk, Lancs.

THE unemployed need the right kind of work with an adequate wage and children in school need daily contact with the right kind of role models. But however laudable the Government proposals to increase the number of classroom assistants may be, the messages sent out should not be misunderstood by the children. Classrooms should not become the waste-paper bin for the products of inappropriate economic and social policies.

Dennis Kustan,  
Harling, Lines.

GOOD news that the unemployed are to teach our school children what they can expect from society when they leave school.

William Cavanagh,  
Sheffield.

IT'S a great idea but why stop at this? If the unemployed were made ex-officio members of the cabinet we all might benefit from good ideas.

Chris Meadows,  
Bedford.

## Sorry, but for the moment Irish eyes aren't smiling

SIMON Hoggart seems to have been on holiday from reality, too (Simon Hoggart's Diary, August 22). Many of the citizens of County Tyrone did indeed vote for the 32 County Solidarity Movement and Sinn Féin, but as patriots of the right to the politics of this country away from sectarian violence.

The vast majority of people in this country have not danced at the death of soldiers and RUC men, nor smiled at the bombing of Catholics. Hoggart has grossly misread what he calls "the unspoken,

mumbled subtext of Northern Ireland", which has little to do with selectively condoning acts of terrorism. Not for the first time, he has tried to make crass journalistic capital out of someone else's tragedy.

Dr Eve Patten,  
Dublin.

TO SUGGEST that ordinary Catholics "did a little dance when they heard of British soldiers or RUC men being killed" or that Protestants "permitted themselves a secret smile when Catholics were bombed" demonstrated a

staggering ignorance of the community in this part of the world.

Perhaps Simon Hoggart should reflect on the ethnic ill which afflict English society. Does he think it likely that white English people did "a little dance" when they heard that a black teenager had been beaten to death? Or that black people in England "permitted themselves a secret smile" when a white headmaster was stabbed to death outside his school gates?

Bryan Rooney,  
Portsmouth, Co. Derry.

## The boys strike back at their uncaring womenfolk

CHARLOTTE Raven says (Belt up boys, G2, August 22) that "men are as bad as ever and women have stopped caring". Is this true?

Men are doing their best to spend more time with their children by changing their work patterns and by trying to obtain recognition of paternity leave within statute. They are also pressing for reform of family law within the Modernisation of Justice Bill.

Perhaps women have stopped caring. Recent Home Office figures show that the number of babies abandoned by their mothers has trebled in the last decade. Statistics also show that children brought up in single parent families headed by the father generally out-perform those

headed by single mums. Perhaps men have not been loud enough in their shouting. For the women who have stopped caring — dare I suggest stronger knicker elastic?

John Beale,  
London.

WHEN Charlotte Raven writes that "men are not society's victims, they are victims of their own refusal to adapt to a changing world", I think she's hit on something. I believe any self-respecting man, or woman, would feel uncomfortable trying to adapt to the most tawdry, passive, de-politicised decade of the century. The feminisation of society benefits an elite few.

For the rest it means more controls, more uncertainty

and less real change for the better.

Mark Collings,  
London.

CHARLOTTE Raven enjoys "chickening it to the boys". Happily some boys do come of her provocation. The true crisis of masculinity is the almost global disappearance since the Industrial Revolution of the initiation of young men into manhood by unrelated elders. Modernity has swept these ancient structures aside and created that which nature and women most abhor: a vacuum.

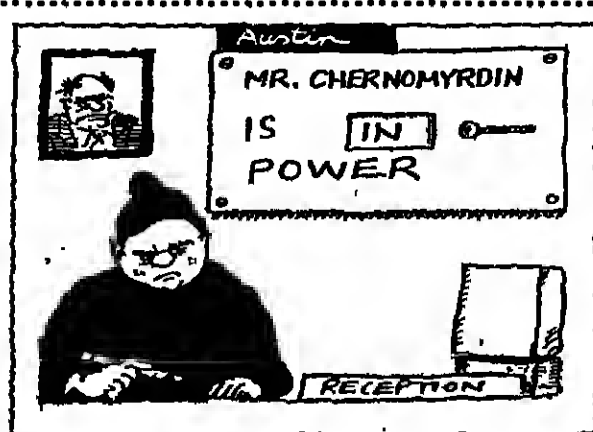
Without the necessary guidance men turn to inappropriate sources — their fathers or, worse, their womenfolk. Perhaps the most difficult thing

for both sexes to accept is that men who turn to women for initiation will not find it, and women who want to help men grow up can do no more than let them find their own way.

Matthew Burton,  
London.

A LAUGHABLE invention, this Ms Raven. For what plausible character, after listening to such male faults as "self obsession" could have concluded: "Feminism can't have won as long as it has failed in the crucial respect of changing male behaviour?" Henrietta Higgins?

All together now: "Why can't a man, be more like a woman?" David Robb,  
Trowbridge, Wiltshire.



## Tale of two chemical threats

IT IS ironic that, when the UN inspection team recently proposed action that might uncover the evidence of Saddam Hussein's nuclear biological and chemical programme, they were told by the US and the UK to back off. Contrast this with the bombing of the factory in Sudan on the basis of (at best) flimsy evidence, which none of us have seen. Yet the Clinton administration has apparently been squeezing the UN weapons inspectors for months, supported by the UK, to dissuade them from surprise inspections in Iraq.

Because it wants to avoid a fresh showdown with Saddam.

At the same time the UN Security Council has repeatedly demanded, since 1991, that Iraq give "immediate, unconditional and unrestricted" access to the UN inspection teams and promised, as recently as March 2, "the severest consequences for Iraq" for further defiance. But Saddam, of course, unilaterally ended co-operation with the inspectors.

Does this mean that President Clinton and the UN are happy to bury their heads in the sand over Iraq, where there is a known threat to world security? This is a foreign policy that has been found disastrous in the past. We need a Parliamentary inquiry into the whole dirty business.

Ann Glyndwr MP,  
House of Commons.

CANNOT comment on whether the Shifa plant in Khartoum produced chemical weapons (Factory rubble yields no sign of arms, August 24). But when I visited Eritrea some months ago and met the Sudanese opposition they protested long and hard that the current government in Sudan was producing and using chemical weapons in the civil war. It is conceivable that the US hit the wrong target but they have identified the perpetrator.

Glyn Ford MSP,  
Mossley, Lancs.

IN YOUR coverage of the US missile raids you stated that in the 1960s, nuclear disarmament was the focus of the anti-war movement. It was not. It was focused on the military view that their accuracy and relatively small explosive power "made them a more credible nuclear deterrent". Not quite: we campaigned against nuclear missiles because their surgical precision, combined with radar-avoiding low flight trajectories, would

make them more likely to be used — an important distinction. Deterrence fails if nuclear weapons are used. From the Gulf war onwards those versatile capabilities you describe (though not as great as advertised) have made non-nuclear cruise missiles the favoured attack weapon of the US military. I am glad we got rid of the nuclear version from European bases and hope in the near future we can do the same with sea-launched cruise missiles.

Rebecca Johnson,  
Director, Acronym Institute.

AM a life-long Guardian reader, but my temper is not raging nor by blood boiling in response to the US raids on an alleged chemical warfare weapon in the Sudan and terrorist training bases in Afghanistan. But I am appalled and angered by the wickedness of the indiscriminate taking of life in Nairobi and Dar-es-Salaam. Of course I recognise the likely futility of US attempts to bring an end to this brand of terrorism but this does not necessarily render the effort worthless.

Michael Lazarus,  
Hadley Wood, Herts.

LIKE Clinton's second reason for retaliatory strikes — the terrorist attacks on Americans in the past. Am I wrong in thinking that under every American president this century, US military terror has killed innocent people in numerous other lands, mostly Latin America?

Tony Billis,  
Credon, Devon.

## The new enemy

ISLAM has replaced communism as the West's public enemy number one. The attack on Makbul, Javard, and the questioning of his position on a Home Office race relations forum marks the start of a witch-hunt against Muslims. Since when has it been a crime to belong to a particular group and hold a particular political or religious view? He was appointed onto the forum for his expertise, which has nothing to do with his views. His removal will increase the discrimination that Muslims face in obtaining jobs. Laws outlawing discrimination on grounds of religion are now desperately needed.

Dr Ghayasuddin Siddiqui,  
The Muslim Parliament of Great Britain.

## Is this the city with the worst record for racism?

YOU report that a study has revealed racism deeply entrenched in the Home Office (Straw acts on racism, August 24). While it is commendable that the Government seems determined to tackle racism, Liverpool has had a written anti-racism policy during all of this period.

In the recently published book *Windrush*, by Mike and Trevor Phillips, Euton Christian is quoted saying: "Liverpool is the graveyard of black people".

How many more "souls" must die before Liverpool is given the national attention and priority which has been shown elsewhere?

Ibrahim Thompson,  
Ferryhill, Co Durham.

SO CONSULTANTS have revealed racism deeply entrenched in the Home Office. Whatever next? Catholicism in the Vatican, perhaps?

Robert Moore,  
Holywell, Flintshire.

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# Analysis US presidency



Lost  
leaders  
8

## The pear-shaped Oval Office

Bill Clinton is humiliated as a grand jury witness yet the next day he walks tall as commander in chief. **Martin Kettle** asks where the Clinton era leaves the office of US president

**A**S last week Bill Clinton faced the task of giving his humiliating testimony in the Monica Lewinsky case, the 42nd President of the United States of America got some good news. Yet another poll put his job approval rating at a record high. More than 70 per cent of Americans thought he was doing a fine job as president. There's a paradox. If the day of his grand jury appearance was — as many Americans now say they believe — the most embarrassing in the history of the presidency, and if by common consent Bill Clinton is the author of his own misfortune, how can these be both the best and the worst of presidential times?

One answer is that Americans separate Clinton and his office. Yet the Lewinsky affair has occupied an enormous amount of Clinton's year, and threatens to become even more demanding, as Clinton seeks to fight off impeachment this autumn. Commentators, right and left, have now consigned the Clinton presidency to history. Why then, since Americans do not judge a presidency solely by its entertainment value, is the incumbent doing so well? It becomes a question of just what is the American president's job nowadays. Has Clinton's ordeal at the hands of the independent prosecutor Kenneth Starr left a lasting mark on an office routinely described as the most powerful job in the world? When Clinton departs, sooner or later will he be leaving his successors an office diminished in stature?

Without going as far as the historian (and Kennedyite) Arthur Schlesinger, who reads American political arrangements as a giant learning experiment in which, if you look hard enough, you will always find a worse case, it is important not to lose sight of Clinton's predecessors. Their sins and follies are many as the illustrations show. The Oval Office may not previously have witnessed the sex acts Monica is claiming but ropey behaviour aptly has taken place there — together with critical decisions affecting not just American but world history. "The president," wrote the political scientist Clinton Rossiter, "is a kind of magnificent lion who can roam freely and do great deeds" (2). It's a description, as Professor Alan Brinkley said recently, that "sounds quaint in today's tawdry public culture; presidents are now more likely to be



**Andrew Johnson, 1865-1869**  
Democrat from a Confederate state who favoured leniency for the South. House voted impeachment in 1868, charging Johnson with treasonably firing Secretary of War Edwin M. Stanton and violating the Reconstruction Act. Saved from impeachment by one vote.



**Ulysses Simpson Grant, 1869-1877**  
"A puffed balloon, as of a man with a problem before him of which he does not understand the terms," wrote one visitor to the White House. Effective general but ineffective president. A chronic alcoholic, Grant allowed himself to be associated with two speculators who were trying to corner the gold market.



**Franklin Delano Roosevelt, 1933-1945**  
Both the four-term court-packing New Deal president and his wife faced increasing allegations about their extramarital activities. FDR had a penchant for young women, while Eleanor's sexual orientation remains the subject of intrigue.



**Richard Milhous Nixon, 1969-74**  
His second term ended with the Vietnam withdrawal and the loss of the 1974 election. The last of his political career was a disgraceful end. Nixon showed that the president could be a criminal and a liar.



**Jimmy (James Earl) Carter, 1977-81**  
Peace-loving, idealistic, and naive. Carter's domestic policy was less effective than Clinton's but the fruits of his sexual misadventure were shown in a magazine admission that he had had sex with women other than his wife. He died only "white fever".



**Ronald Reagan, 1981-89**  
Movie actor who spent his last years in a nursing home. He was a conservative who believed in the power of the individual and the free market. He was a man of the people who stood for the common man.

found consulting lawyers then competing new worlds" (3). Rossiter set out five functions for the office. First, the president is chief of state, carrying out a range of formal ceremonies — leading national funerals, greeting distinguished visitors, laying wreaths, bestowing medals and generally acting as a national figurehead in dozens of solemn and not-so-solemn activities, not only in Washington DC. He incarnates the American people. As Walt Whitman wrote in *Leaves of Grass* (Clinton is said to have given a copy of the poems to Monica): "The president is up there in the White House for you." Although Clinton was much criticised there is little dispute nowadays that he carries out these duties very well. Witness his performance on the return of the bodies of Americans killed in east Africa recently.

**S**ECOND, the president is the nation's chief executive. He runs the administration, on the basis of money voted by Congress. This, clearly, is difficult when the Congress is controlled by opponents, as has been the case since 1994 with Clinton. (Precedents abound. In the recent past Republican presidents,

Nixon, Ford and Bush, for example, faced a Congress wholly controlled by Democrats). The greatest crisis in Clinton's exercise of this function came in November 1995, when Newt Gingrich and his Republican congressional majority shut down the federal government for several weeks in a battle starkly symbolic of Congress's challenge to the president's executive power. Clinton ultimately won the battle, leading directly to his re-election in 1996, but has been less successful in re-establishing the legitimacy of the federal government within the American culture. Though his ideological commitment as a Democrat is unquestionable, he has been cautious. His political weakness has been concealed by his shift to the right since 1994, exemplified in the restraint of his budgetary policy since 1996 and his defensive approach to Republican tax reform measures. Clinton is widely criticised by representatives of both parties on Capitol Hill as bad at using the presidency's leverage, and recent events have not helped.

Third, the president is America's chief diplomat. From time to time Congress has challenged the president's supremacy in foreign policy and a strict reading of the US constitution suggests it ought

to have succeeded. But Clinton, like such predecessors as Lyndon Johnson and long before him Thomas Jefferson, has reigned supreme. He has led, albeit in the face of opposition, on major matters such as Iraq, aid to Russia, intervention in Bosnia, improvement of relations with China, and has played a significant role in Northern Ireland. On the other hand, he has failed to win support for a power enjoyed by earlier presidents, the so-called "fast track" right to negotiate trade agreements which Congress could only accept or reject as a whole rather than re-negotiate in detail. The Republicans have also tried to subvert Clinton's Middle East policy by negotiating privately with the Israeli Likud government.

Fourth, the president is the commander-in-chief of the nation's armed forces, a role which symbolises the civil power's authority over the military. As an opponent of the Vietnam war, a draft evader, and supporter of gay rights in the military, Clinton's election in 1992 strained this traditional prerogative. But the constitutional disciplines have held, and Clinton, like presidents before him, has drawn public support for his execution of his military obligations. As the first entirely post-cold war

president, Clinton's role as commander-in-chief has been made politically easier and in some ways less prominent, and he has taken the precaution of appointing a Republican politician, William Cohen, as his defence secretary. Last week's decision to launch missile attacks in Afghanistan and Sudan so far seems, if anything, to have confirmed the width and unassailability of the president's discretion in matters of "national security".

**F**INALLY, the president is the nation's chief legislator. Clinton has a poor record here. His difficulties and inexperience as a legislator were dramatically exposed over health care in 1993-94. In the face of the subsequent resurgence of Congressional Republicans led by Newt Gingrich (as much as anything a domestic party revolt against the bipartisan politics of the past), Clinton has almost wholly ceased to operate as a lawmaker. His inability to deploy his presidential authority to achieve legislative progress on Capitol Hill is part personal failing. Clinton has deliberately distanced himself from the traditional Democrats who make up most of the party's numbers on Capitol Hill. His

policy failings are also a response to the end, or at least eclipse, of "big government", traditional political alignments and agenda.

But there Clinton has perhaps been representative of our age, which prizes efficient administration above legislative reform. He has been president at a time when the political assumptions, institutions and cultures on which the traditional presidency was sustained have come under challenge. His personal failings and difficulties do not affect this. Clinton's presidency reflects the fact that he is a progressive political leader in a conservative age.

There is, however, one area in which Clinton has left a major mark — the law. Recent American presidents have had to spend much more time than their predecessors facing the scrutiny of lawyers and Clinton more than any except Richard Nixon. For the first 179 years of the existence of the presidency, only one incumbent of the White House, Andrew Johnson, ever faced the serious possibility of impeachment. During the past 30 years, by contrast, three — Richard Nixon over Watergate, Ronald Reagan over the Iran-Contra affair and now Bill Clinton over Lewinsky — have had to take the possi-

bility seriously. But if recent presidents are more vulnerable to challenge is this because of the personal flaws or changes in the law itself? If Clinton eventually leaves the presidency more vulnerable than he found it in 1993, this will largely be the result of the Supreme Court's controversial decision in Clinton v Jones in May 1997. There the Court ruled unanimously that Paula Jones was entitled to bring a civil damages suit against the president while he was in office and did not, as many lawyers believed, have to wait until Clinton left office. Though the Supreme Court's decision was unanimous, it has drawn increasing criticism as its implications have worked themselves out in practice.

**T**HE highest court in our land made an incomprehensible and terribly flawed decision against the nation's most powerful and important citizen," says the former Los Angeles prosecutor Vincent Bugliosi (4). "What conceivable argument could possibly be made for the proposition that Jones's right to proceed now with her private lawsuit is more impor-

tant than the public's right to have its president be undiverted and undistracted in the performance of his duties running the country?"

But this Jones case is not the only legal legacy of the Clinton years. Lawyers in the White House — and the White House now employs 34 full-time lawyers compared with only four ten years ago — stopped making written notes some months ago because they feared Starr's subpoena powers. Lloyd Cutler, a White House lawyer, said that in future "people in the White House are not going to write memos. They're going to be very circumspect in the advice they give."

These constraints, says Cutler, "have severely weakened the presidency as an institution." The supervisory judge in the Lewinsky case has ruled that presidential aides and advisers are not protected when they talk to the president either, confirming the 1974 Supreme Court ruling in *United States v Nixon* that executive privilege does not override the criminal process. Finally, the White House's attempt to establish a new "protective function" — privilege to shield secret service agents and presidential bodyguards from subpoena has been rejected without dissent in two separate rulings. In addition, by agreeing to testify on August 17 in the Lewinsky case, Bill Clinton set a precedent that his successors may find difficult to ignore. In the face of a subpoena to testify in a criminal investigation into his own conduct, Clinton agreed to give evidence to the grand jury albeit on special terms negotiated with Starr. Future presidents will have to watch out, though there are commentators who rejoice that William Jefferson Clinton has inadvertently ended up confirming the great Jeffersonian principle that the United States is a republic of laws in which the law maker in chief is also subject to due process.

It may be, however, that one of Arthur Schlesinger's cycles is about to turn. Both the imperial presidency and permanent weakness in the White House have been spotted before, and disappeared. Starr's mandate comes from law which expires next year, unless Congress renews it. But legislators may look at the lessons of the Clinton-Starr battles and conclude that enough is enough. Whatever the outcome of Clinton's current crisis, by next year there will be no shortage of voices urging Congress to curb the independent counsel's powers and stop criminalising the presidency. It may not be much consolation to ex-president Clinton but he may in the end have helped put the presidency back on the road towards the centre of effective American government.

Sources: (1) Arthur M. Schlesinger Jr, *The Cycles of American History*, André Deutsch 1987; (2) *The American Presidency*, Harcourt Brace & Co, 1995; (3) *Newsweek*, August 17; (4) Vincent Bugliosi, *No Island of Sanity*, 1998. Research: Matthew Keating. Martin Kettle is the Guardian's Washington editor.

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# FinanceGuardian

Boost to European aircraft manufacturing industry as Boeing loses out

## Airbus wins £2bn BA order

Keth Harper  
Transport Editor

**B**ITISH Airways will today break the mould by signing a deal worth around £2 billion to order new planes from Airbus Industrie, the European manufacturer, which has fought off fierce competition from its American rival, Boeing, to secure the prestigious contract.

The Prime Minister, Mr Blair, is expected to interrupt his holiday in the south of France to join his close friend, Bob Ayling, BA's chief executive, to witness the signing of the deal in Toulouse.

The deal will provide a big fillip for the European aircraft manufacturing industry. BA has never before bought aircraft from Airbus, the world's only significant competitor to Boeing.

Airbus has four partners — France, Germany, Spain and British Aerospace — which has a 20 per cent stake in the company, and is responsible for providing wings to Airbus.

Under Lord King, its previous chairman, BA developed a special relationship with Boeing, and built up its new long-haul fleet with Boeing's jumbos.

But after his departure, Airbus gradually established new links with BA, and today's announcement has been expected.

Details of the contract are likely to include orders for some 50 of Airbus's A330 family of planes.

The switch from Boeing to Airbus will bring BA into line with the majority of European carriers which have chosen A319s, A320s and A321s, rather than Boeing 737s.

BA already has several A320s, but these were inherited from British Caledonian when BA took over that airline in 1988.

Another significant factor in the deal concerns the engines. As the client, BA can decide which engine manufacturer to use, and the final order could almost be as much as the aircraft.

BA sources were tight-lipped last night, but industry reports suggested that the order could go to Rolls-Royce, which would give the company a welcome boost and secure hundreds of jobs.

The Airbus order is BA's first stage in modernising its short-haul fleet towards profitable European routes and away from providing long-haul feeder traffic to London.

It will be seen as its most important fleet overhaul in response to airline deregulation.

But in a delicate balancing act, Mr Ayling will also confirm that BA is more than happy with Boeing's 777 jumbo jet and intends ordering a further batch to boost its long-haul fleet.

BA started taking delivery of Boeing's 777 jets, almost three years ago.

They are a slightly smaller long-haul plane and have been used on BA's Middle East routes.

A BA spokesman said: "We believe we are the first European airline to embrace the magnitude of the fleet changes necessary to prepare for a fully deregulated air transport market."

BA is among several of the world's larger carriers to be backing an Airbus study into the company's project to build a super jumbo, capable of carrying more than 650 passengers.

Airbus hopes to be announcing the first prototype within the next 12 months. It says that its BA order will be a further step in its battle to gain sales parity with Boeing by 2000.

## Passenger jets may launch cruise

David Gow  
Industrial Editor

**T**HE Ministry of Defence is studying radical plans to use passenger jets like wide-bodied Airbus and Boeing 747s to launch cruise missiles. They are part of the new strategy being developed for the Royal Air Force in the next century.

Under its plans, military transport planes such as the large aircraft being developed by Airbus, more often used to carry heavy artillery and helicopters, could also provide the launch-pad for cruise missiles. Cruise is seen as the harbinger of unmanned weapons that will change the face of armed conflict.

Similar tomahawk missiles were fired from US warships and a submarine in last week's controversial attacks on Afghanistan and Sudan.

The MoD studies are part of wider plans for the future offensive air system (FOAS) to enhance and replace the combat capability provided by today's Tornados.

GR4 in around 20 years' time. This could include, for the first time, unmanned air vehicles capable of carrying huge bombs and "risk-free" missiles such as cruise.

Martin Blaz, FOAS project director at prime contractor British Aerospace, said yesterday that passenger jets could carry four times as many missiles as military transport planes.

FOAS is not due to enter service until 2018. However, the MoD wants to make key choices in June 2000, when it is also due to decide on the two new aircraft carriers and replacement Harrier fighters.

BA, working with GEC, Rolls-Royce and Smiths as the UK Industrial Alliance and with French defence groups like Dassault and Thomson-CSF, sees FOAS as crucial to maintaining British capability and to sustaining Europe's defence industry base.

### Notebook

## Finger of blame points to West



Alex Brummer

**T**HE question was inevitably going to be asked: who lost Russia? In much the same way as during the cold war era, when the West was endlessly arguing about responsibility for the last domino to fall to the Communists — be it Afghanistan or Nicaragua — the same questions are now being asked about Russia's economic and political chaos.

The lead contender into the fray is Stanley Fischer, first deputy managing director of the International Monetary Fund and a respected international economist. In an interview with the journal Frankfurter Allgemeine Zeitung, Mr Fischer placed the blame on the shoulders of Germany and the Group of Seven.

He argues that if Germany had lobbied the G7 more intensely the crisis — in which the currency has been devalued, a debt moratorium imposed and a reforming government turfed out — might have been avoided.

Mr Fischer is right to point out that within the G7 there always has been an infighting arrangement that countries essentially accept responsibility for their region.

Thus when Mexico appeared to be reeling out of control in 1994, it was the United States as "good neighbour" which rushed to the rescue, mobilising its own cash and that of the IMF and World Bank to avoid the problem spilling across the rest of Latin America.

The move by President Bill Clinton and his economic team was widely criticised by the Europeans at the time, as the US was seen as trampling over procedure in the international institutions.

But it worked quickly and effectively.

In the case of Russia, Germany — both as near neighbour and biggest lender, certainly had a moral responsibility to act.

IMF funds were indeed mobilised. But because of the shortage of cash the funds were highly conditional, and slow in being paid over.

This is more likely a political cock-up than deliberate neglect. Chancellor Helmut Kohl in Germany is preoccupied with banging on to power, and Mr Clinton has had his own distractions.

Moreover, the US has been hyperactive in working with Japan to find some stabilisation there, and may not have been as engaged in Boris Yeltsin's difficulties as it should have been.

However overall, in the context of international finance, Germany does not play the good neighbour so easily. It holds the fundamental view that simply throwing cash at a problem — unless it happens to be former East Germany — does not work, hence

### BA's Blairbus

**R**ELATIONS between Tony Blair and British Airways have not been the best in the Prime Minister's first 500 days in office, following the debilitating stewards' strike last summer.

But all that will change today, Mr Blair will be breaking his French holiday to be on hand in Toulouse when BA formally announces its decision to buy from the Airbus A330 group of planes to refurbish its European fleet.

The decision to buy Airbus represents a real change for BA which, much to the consternation of successive British governments concerned about jobs in the British aviation industry, have had to grit their teeth as the airline sought equipment, including General Electric engines, in the United States.

The decision to go European this time around, with potential orders worth up to \$2.2 billion (£2.02 billion), appears to be based on the project's suitability rather than fancy financing packages.

The Airbus alternative is perceived as the better investment for the new structure BA is planning to build for its European operations, which is based around smaller planes and premium traffic that will carry higher profit-margin passengers.

One of the remaining questions is what kind of engine the Airbus will have, since both the Rolls-Royce and GE options are available. In terms of compatibility, GE might have appeared the favourite since the engineering facilities already exist. But the Rolls-Royce option was seen by insiders as the most likely option.

After a summer of gloom on the industrial job front, BA buying European should come as blessed relief.

its problems with debt relief among the poorest of the world's poor countries.

There is an element of truth in what Mr Fischer has to say. But that does not excuse the IMF for the over-ambitious shock treatment for the Russian economy which has wiped out huge amounts of production — and put very little in its place.

## Film plan knocks EMI's shares

**M**ORE than £300 million was wiped off EMI's market value yesterday after the music group confirmed that it wanted to return to the movie industry it quit 12 years ago, writes Tony May.

The group ended weeks of speculation when it said it was one of several parties considering the acquisition of PolyGram Filmed Entertainment (PFE) which produced global hits such as *Four Weddings and a Funeral* and *The Ultimate Disaster Movie*.

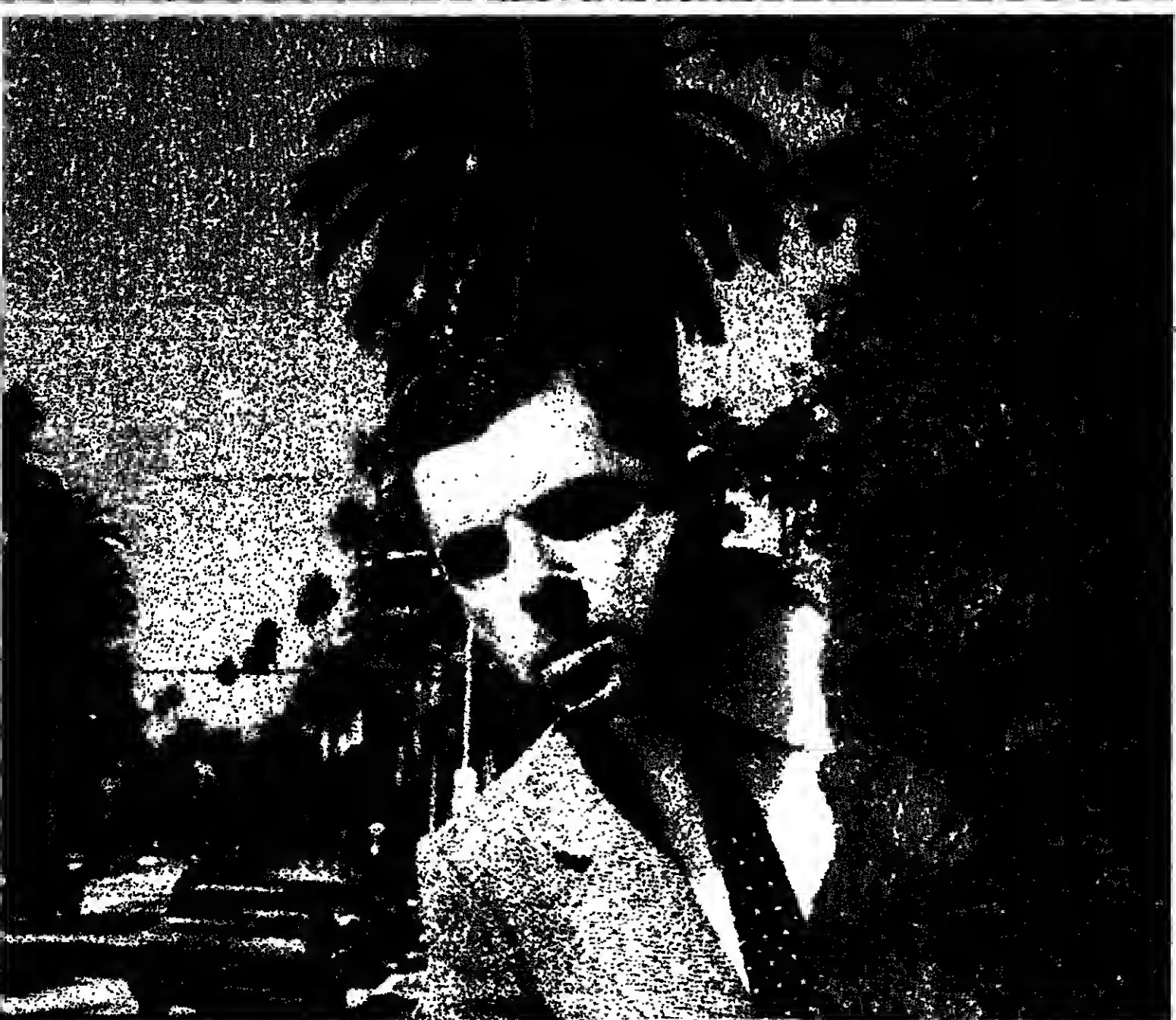
The company is being sold by Seagram, the Canadian drinks and entertainment group, which is said to want \$1 billion (£680.5 million) for the unprofitable film business after buying the whole of PolyGram for \$10.4 billion in May.

So far about 10 groups have put in non-binding bids. Carlton Communications, Pearson, and Canal Plus, the French pay-TV company, are seen by some as more likely contenders than EMI.

Press reports have suggested that Seagram would be willing to take as little as \$750 million for a business whose increasing losses helped to push PolyGram's profit down 85 per cent in the second quarter of the year.

Polygram has pumped about \$1.2 billion into PFE over the past seven years and hopes it will break even next year.

As its shares fell 7 per cent to 480p, EMI said that it regularly reviewed acquisition opportunities and that its plan was still in the early stages.



City is wary of EMI's interest in a PolyGram offshoot, despite successes such as Rowan Atkinson's character, Mr Bean. PHOTOGRAPH: SUZANNE HANOVER

## House price inflation falls

Rupert Jones

**H**OUSE price inflation fell sharply again last month, with one key survey now at its weakest for more than two years.

The prediction is for worse to come, with the Royal Institution of Chartered Surveyors (RICS) indicating that housing market activity — already hit by the economic gloom and bad weather — is set to slow even further.

The number of estate agents reporting rising house prices plunged in July, according to the latest RICS survey of England and Wales.

The balance of chartered surveyors reporting rising prices was 16.4 per cent, down from 22.9 per cent in June, taking the survey to its lowest level since early 1996. Meanwhile, the proportion of surveyors reporting an outright fall in prices was 7.1 per cent — up from 4.4 per cent in June and 1.8 per cent in May.

London, the Southeast and East Angles bore the brunt of

last month's falls. The South has been hit particularly hard by rising interest rates and economic uncertainty about the future, said RICS.

Activity in the market — the number of homes sold — continued at a low ebb in July, with the average homes sold per chartered surveyor falling slightly to 30.9. However, this was partly due to the holiday season.

RICS spokesman Ian Perry said consumer confidence had been declining steadily in recent months and will not be helped by a further slowdown in economic growth during the rest of 1998.

"In the short term the Bank of England's commitment to bring down underlying inflation by maintaining interest rates at current levels will almost certainly slow housing market activity," he added.

"The shortage of good-quality properties on the market is continuing to cause problems, though the plethora of highly competitive fixed-rate mortgage deals and steady wage growth should help.

## Cambridge drugs firm hits jackpot

Pfizer steps in with deal for plant extract treatment of obesity, writes Roger Cowe

**A**TINY Cambridge drug company, which creates drugs from plant extracts, yesterday signed a multi-million pound deal with Pfizer, the maker of Viagra, to develop a product to treat obesity.

It could be the first of several such deals for plant-based medicines developed by the world's largest drug companies.

Pfizer will immediately invest \$7 million (£4.4 million) in PhytoPharm's development programme for the drug, known only as P57. That is more than the British company's annual research and development budget.

A further \$32 million will be paid in licence fees and stage payments if it moves successfully through clinical trials. PhytoPharm will receive royalties when the product comes to market in six or seven years, expected to be 10 per cent of sales.

The drug comes from the

extract of a secret South African plant, which is said to be an appetite-suppressant, and is the first outcome of the British company's link with the Council for Scientific and Industrial Research in South Africa. PhytoPharm signed a deal last year giving it first refusal on all its plant-based drugs to be developed by the CSIR.

Richard Dixey, chief executive of PhytoPharm, said the deal was important because it showed the potential of plant-based pharmaceuticals, known as Botanicals. "It is a validation of the whole approach we have been taking," he said.

The UK company broke new ground last year when it won the agreement of the Food and Drug Administration, the US drug watchdog, for trials of Botanicals, which is crucial if the drugs are ever to be approved as prescription medicines.

But the product which was granted development

approval, Zemsaphyte, has been put on hold because PhytoPharm cannot afford to develop it further. The company announced in March that it had decided to concentrate on more promising developments, despite evidence that Zemsaphyte was more effective than current products in treating eczema.

This anti-obesity market is huge, especially in the US. As many as 65 million Americans are thought to be obese, representing a potential pharmaceutical market of \$3 billion.

Roche, the Swiss drug company, launched a slimming drug, Xenical, earlier this month, but concerns have been raised about possible side-effects, including breast and colon cancer.

Mr Dixey said it was too early to predict side-effects of P57, but test results on animals were "very, very encouraging".

Yesterday's deal is the outcome of six months' negotiation with the US drug giant. It could be followed by others, because PhytoPharm has 10 other products in the pipeline and is negotiating with pharmaceutical leaders on joint development projects.

"There are some surprises to come," Mr Dixey said, declining to predict how long it would be before the next deal is sealed.

The Botanicals market is the latest to excite the drug industry. It aims to develop conventional medicines, but based on plant extracts and often working with different mechanisms from conventional drugs.



### News in brief

#### Metrolink buys £10m Citylink

**METROLINK**, the London bus operator, yesterday took its first excursion outside the capital by buying Citylink Holdings — the holding company for Glasgow-based coach firm Scottish Citylink — from National Express for £10.3 million, writes Tony May.

Declan O'Farrell, Metrolink's chief executive, said the deal was a move into a well-positioned market-leading business on attractive terms.

Scottish Citylink made a profit of £1.9 million in 1997 on turnover of £11.9 million.

#### Pearson sells Flextech

**PEARSON** yesterday raised £22 million by selling its remaining stake in rapidly growing TV programme provider Flextech.

The transaction completes the disposal of Pearson's 5.5 per cent stake in Flextech and

takes the total proceeds to £51.8 million. Pearson acquired the stake in April 1997 in exchange for selling its interests in UK Gold and UK Living to Flextech.

Analysts said Pearson has been waiting for an appropriate moment to sell the stake since April when a stand-still agreement expired.

#### Northern Rock cuts rates

**NORTHERN** Rock is cutting interest rates on six of its accounts, in spite of the recent series of base rate increases.

The controversial move comes just six months after it was slated for slashing rates without warning, and three months after an investigation by the Office of Fair Trading for the same offence.

Save Direct Instant, Branch Select Instant, Current Account Gold, Postal Select Instant, Postal Select 30 and Postal Select 60 will all become variable by between 0.2 per cent and 0.35 per cent gross.

#### TOURIST RATES — BANK SELLS

Australia 2.74%	Germany 2.88%	Malaysia 5.5%	Singapore 2.84%
Austria 2.05%	Greece 4.01%	Malta 0.62%	South Africa 10.25%
Belgium 3.00%	Hong Kong 12.31%	Netherlands 3.21%	Spain 24.1%
Canada 2.45%	India 8.0%	New Zealand 3.24%	Sweden 13.0%
Cyprus 0.875%	Ireland 1.132%	Norway 12.3%	Switzerland 2.58%
Denmark 10.5%	Portugal 6.07%	Puerto Rico 22.5%	Turkey 45.5%
Finland 6.77%	Italy 2.83%	Saudi Arabia 6.0%	USA 1.584%
France 5.5%			

Supplied by NatWest (excluding rupee, shatel and dollar)



## World markets in turmoil

## Wall Street roller-coaster

Mark Milner  
and Mark Atkinson

**W**ALL Street last night, high-lit by the crisis of confidence facing financial markets with a roller-coaster ride which left investors gasping.

Defying expectations of a meltdown, the Dow Jones was up 75 points in early dealings, giving heart to bombed-out markets elsewhere which had been looking to New York to set the pace.

But by early afternoon the gains had evaporated amid continuing worries about the economic and political turmoil in Russia and concern that Latin America could become the next victim of the deepening global crisis.

However, in late trading, the Dow managed to get back into positive territory, rising by around 20 points.

Analysis said President Boris Yeltsin's decision to recall former premier Viktor Chernomyrdin offered reassurance to investors that Russia could get to grips with its financial crisis.

But the underlying mood was one of extreme nervousness which left open the possibility of further share price falls in the weeks ahead.

"The big picture is still negative. Everywhere you turn the news is bad news," said David Coleman, economist at CIBC Wood Gundy.

As well as worries about the direct losses incurred by western, especially German, banks in Russia, where the government has imposed a moratorium on debt repayments, sentiment continued to be weighed down by the possibility of financial contagion spreading to other so-called emerging markets.

Brazil's stock market fell another 3 per cent after Friday's 10 per cent decline. Investors cautiously eyed other vulnerable Latin American markets such as Venezuela, Argentina and Ecuador.

Even basically healthy countries like Norway — which was forced to abandon the defence of its currency, the crown, amid intense speculative pressure — were dragged into the financial turmoil.

After Friday's dramatic 190-point loss, there was concern that the FTSE 100 could go into free-fall. But it rose strongly, closing 75.7 points up at 5553.7. Meanwhile, the pound's status as a safe-haven currency boosted the currency by 0.7 pence against the German mark to 2.9445, and 0.2 cents against the US dollar to 1.6407.

Following the failure of Russia to fulfil its promise to announce details of its debt restructuring plans, western governments were quick to urge the new Moscow administration to press ahead with economic reform.

White House spokesman Mike McCurry said: "They have to move urgently. For us, it has always been true that policies matter more than personalities."

"We intend to stay focused and we hope they stay focused on those things that the Russian government can do to both give confidence to the international financial community and also to begin the steps necessary to right that economy and put it back on a path toward growth."

Austria, which holds the presidency of the European Union, urged the Russian government and parliament to agree legislation to ensure a sound budget and to revive investment and economic growth.



Brazening it out in Brazil... a trader at the Sao Paulo stock exchange feels the force of financial fallout; the market tumbled by 3 per cent yesterday PHOTOGRAPH: PAULO WHITAKER

## Nervy investors seek safety in government bonds

Mark Milner  
Deputy Financial Editor

**I**NVESTORS, panicked by falling stock markets and currency devaluations, are piling into the world's top bond markets in the search for safety rather than high returns.

German bunds, US treasuries and UK gilts are among the top targets for investors looking for "safe havens" from the storms which have swept international financial markets.

"Investors are minimising risks rather than maximising

returns," according to Alison Cottrell at PaineWebber in London.

As a result, yields — the return on bonds — have fallen to near-record lows as demand outstrips supply. Investor appetite for government debt (bonds) has come at a time when the very governments whose debt is in demand are issuing less because of smaller deficits or even surpluses.

But just what makes a safe haven? "A market you can get out of on a Friday afternoon," was the wry response of one market professional. That might look odd at first glance

but the abiding nightmare of investors is of being trapped in a falling market with no easy, inexpensive exit.

Markets such as the US treasury market or the UK government gilt market fit the new mood of safety-first for two reasons.

The first is that they are big. The UK gilt market is around £275 billion. That, however, is just a drop in the ocean compared with the US bond market of more than \$3 trillion.

The second is that they are liquid. In other words, they are markets in which there are always buyers and sellers

and where big deals can be done without wild price movements.

Leonard Santow at financial consultants Griggs and Santow reckons that the flight to quality is bringing money into the US bond market, but he believes that yields are lower as a result of the government surplus, which is being used to pay off existing debt.

Though bond yields rose yesterday as equity markets rallied, the succession of crises that have racked financial markets — from Asia last year to the most recent crisis in Russia — is likely to keep

investors keen on the big bond markets.

Safe haven status is not their only attraction, however. Inflation, the *déjà vu* of bond market investors, is relatively low in the economies with attractive bond markets. Ironically one factor keeping inflation in check is the low level of oil prices, which, in turn, has helped to contribute to the crisis in Russia and to worries that

Venezuela — a big oil producer — might have to devalue, thus spreading the contagion to Latin America.

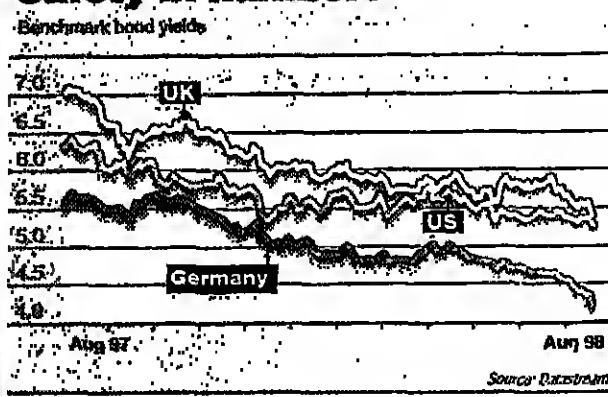
The UK and other bond markets are benefiting from

safe haven flows," according to one London economist. "But I think there is some backing from the economic fundamentals."

While some governments may be able to fund their debt more cheaply, the relative shortage in supply of top-rated government debt may tempt other highly rated borrowers from the corporate sector into the bond market.

But some analysts are concerned that if the safety-first mentality takes too strong a grip on investors, it may become more difficult and more expensive for less-favoured borrowers to tap the markets.

## Safety in numbers



## Norway's Black Monday tarnishes sliding crown

Humiliated central bank has to abandon troubled currency's peg to German mark

Mark Atkinson  
Economics Correspondent

**N**ORWAY'S central bank was humiliated by currency speculators yesterday when it was effectively forced to abandon its defence of the embattled crown.

After raising interest rates for the seventh time this year in an attempt to stem the currency's slide, the Norges Bank threw in the towel and said there would be no more increases in the cost of borrowing

"for the time being". Analysts said the statement amounted to a Black Wednesday-style abandonment of the crown's peg to the German mark, heaping embarrassment on the central bank and the minority centrist government of Prime Minister Kjell Magne Bondevik.

"The danger is that this will be viewed as a de facto devaluation," said Knut Anton Mork, chief economist at Handelsbanken in Oslo.

Ian Amstad, international economist at Bank-

ers Trust, the US investment bank in London, said: "Norway's policy regime is in tatters."

The crown has been severely weakened by a plunge in oil prices to 10-year lows, high wage settlements and worries that Bondevik's minority coalition is too weak to tighten fiscal policy and contain booming domestic demand.

Despite budget and current account surpluses, the country has also fallen victim to the same financial market turmoil as other commodity-based economies such as Russia.

Economists said the markets were taking little heed of Norway's strengths.

Inge Furre, chief economist at Pareto Foods, said: "The events we are seeing now have nothing to do with the fundamentals, but it is a game against the system. When the market decides on something, a small economy like Norway has no chance," he said.

Yesterday's increase in Norway's lending rate to 10 per cent from 9 per cent came in response to the crown hitting a fresh 5-year low. It followed a 1.5 percentage point hike in rates on Friday. In total, the cost of borrowing has risen by four and a half percentage points this year.

The crown strengthened slightly after the announcement, but soon slipped back.

Mr Amstad said the crown was now effectively floating. However, he added that the change of policy may be a blessing in disguise. "In the absence of fiscal tightening, it has given the Norges Bank the opportunity to push interest rates up to a level more compatible with an over-heating economy," he said.

"It has once again demonstrated the folly of operating a fixed exchange rate system in an economy whose fortunes are tied to a volatile commodity."

## Russia keeps bank creditors in suspense

Alex Brummer  
Financial Editor

**R**USSIA'S new government yesterday kept its bank creditors on tenterhooks as Viktor Chernomyrdin, the prime minister, poured over the details of plans to reschedule the country's rouble debt.

Although bankers are still awaiting full details of the plan, and the extent to which they will have to write off or renege on Russian debt, most think that the more promising times are probably over.

As emerging stock indices have plummeted, the effect on bank shares from Germany, which holds considerable Russian debt, to Spain, which has a big investment in Latin America, has been swift and brutal.

The big question concerning bank regulators in recent years has been where will the next "banana skin" for the international banking system

occur? Much of the speculation has focused on trading in derivatives, which might be vulnerable in Russia, where huge volumes of interest rate and other swaps have been entered into. But the more fundamental answer is that the boom in lending to emerging market economies could quickly turn to bust as lend-

ing, such as swap operations in the interbank area of emerging markets, and to assess lending risks.

In the case of Russia, German banks are immediately in the firing line with a collective exposure to the Russian market estimated at \$30.6 billion (£19.2 billion). But they are not alone. Credit Suisse First Bos-

ton, the investment bank and the loudest objector to the moratorium announced by the Russian authorities a week ago, is considered a potential big loser.

Others potentially exposed are banks like Goldman Sachs and Chase Manhattan, thought to be deeply involved in the government debt market in which foreigners hold up to \$17 billion of the paper, known as GKOs. Under the

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## Football

# A crisis too far for would-be saviour of White Hart Lane

Martin Thorpe on the Spurs chairman Alan Sugar who may be ready to sell up

ALAN SUGAR saw the writing on the Tottenham wall a long time ago. In May 1993, having just sacked Terry Venables as chief executive and with the first hostile crowd besieging White Hart Lane, the Spurs chairman exited via a side entrance saying: "I have done the right thing for the club but will I ever be able to show my face here again?"

He did, of course, show his face again but it was never viewed in the same light. From that moment his image as the white knight who had rescued Tottenham from the jaws of bankruptcy two years earlier was irreparably tarnished.

It was not just because he sacked Venables. That was the starting point and from then on Sugar's now seven-year stewardship of Tottenham Hotspur was a fight to gain credibility with the fans in the face of constant failures on the pitch.

The home defeat by Sheffield Wednesday was tried again, pointing out that, having invested more than £50 million in players, tried various managers and spent £30m redecorating White Hart Lane, what more could he do? Once again his appeal fell on deaf ears.

Now this proud and dogged character, not used to failure and reluctant to admit it, seems ready to hang up his boots, undone by a lack of success on the pitch but also by his PR image among the club's supporters.

That image contains two flaws. One, he is outwardly cold, and two, he knows little about football. Those who know him say he has a warm, caring side, doing much for charity. But what the public sees is different and, whereas Spurs fans can forgive the amiable Venables his misadventures, they are not moved to overlook the perceived failings of the grumpy Sugar.

His belligerent attitude is fine when it comes to defending himself when he feels he has been wronged. He pursued Venables through the courts and successfully fought the Football Association's attempt to dock Spurs 12 points and throw them out of the FA Cup for the misdeeds of a previous regime at the club.

He famously declared he would not even wash his car with Jürgen Klinsmann's shirt after being affronted by the German's decision to leave Spurs.

In July last year he attacked Spurs fans as "idiots, morons and big-mouths" for sabotaging attempts to bring big names to the club with their constant criticisms. It hardly endeared him to them.

And neither did his criticism in 1995 of Arsenal's willingness to pay £7.5 million for Dennis Bergkamp. "It's total madness," he said, adding: "If Bergkamp thinks he's going to set the world alight he can forget it. He is a good player but he won't be successful. Arsenal got him because they needed a bit of cosmetic marketing."

It just confirmed to Spurs fans that, when it came to football, their chairman did not know what he was talking about.

Certainly Sugar has struggled to understand not just the playing side of the game but the unique nature of football business. Hiring managers and signing players has appeared a mystery to him.

"We are not going to buy stoppages or a load of Carlos Kikaballs or resort to panic measures," he promised in 1996. "The fans need to be patient while the manager spots players of the right calibre."

Yet only last week his own director of football, David Platt admitted: "In the past players have been signed as cover for injuries, to appease supporters and to keep up with the Joneses. It is a trap, accumulating modest players for short-term cover."



Blister struggle... Alan Sugar's problem has been to get Tottenham's disillusioned supporters on his side

lack of knowledge of the game, a coach appointed on another coach's recommendation, sight unseen. It could prove his undoing.

Now another crisis. Sugar has considered quitting before. In August 1995, after being abused by two

fans as he left the ground, he declared in typically forthright manner: "I've had enough. I'm serious about selling up. I've worked my nuts off for Tottenham and what do I get? Abuse from these rat-bags, who can all get stuffed."

A year later he promised to quit in three years — if by then Spurs "had not won the championship, or at least be challenging for it. I was not going to let the club go until it was a success."

After two opening defeats the supporters are screaming and shouting. And it looks as though some other guru is waiting in the wings.

## Robson renews Ferguson hunt

Ian Ross

MIDDLESBROUGH are poised to make a fourth attempt to persuade Everton that they should part with Duncan Ferguson.

The Middlesbrough manager Bryan Robson, having collected only one point from their opening two Premier League fixtures, is seriously concerned about the strength in depth of a squad he has assembled at vast expense.

Everton have privately let it be known that they value the Scotland international striker at a pre-emptive £10 million, but even so Robson is unlikely to be deterred.

His interest in the 26-year-old Everton captain is longstanding. His offers of £5 million and £6 million were rejected last season but he made a third inquiry as to Ferguson's availability this summer.

Aston Villa are another club who admire Ferguson's com-

bative qualities and, having collected £15.6 million from the sales of Dwight Yorke and David Unsworth last week, they too may be interested in one of English football's most enigmatic figures.

Curiously, it was the current Everton manager Walter Smith who sanctioned the £4 million deal which saw Ferguson move from Rangers to Goodison Park back in December 1994. Although Smith is the most potent weapon in his team's rather limited armoury, he has had differences with the striker in the past.

With Everton likely to complete the signing of Tranmere Rovers' England Under-21 goalkeeper Steve Simonsen for about £3.5 million within the fortnight, it seems unlikely that Smith will be required to sell before he can continue with his unprecedented spending spree. "Even if we have shown strong interest in Steve," confirmed Frank Corrie, the Rovers chairman.

## Amoruso claims Hendry is threat

LORENZO AMORUSO, under pressure recently after a series of mistakes on the field, yesterday claimed that Colin Hendry's arrival had made it more difficult for him to be accepted as Rangers skipper.

The Italian defender, who became involved in a row with his German teammate Jorg Albertz after Rangers' 3-1 victory at Kilmarnock on Saturday, said: "A foreigner and on top of that an Italian has become captain of Rangers and Scottish people are struggling to accept that. Colin Hendry is a Scottish international and a local hero and he is the one who wants to be the captain."

"But the coach Dick Advocaat has chosen me. I'm being watched especially carefully and the press exaggerate every single detail of what I do." Hendry is the Italian daily Gazzetta dello Sport. Asked why he thought Italians were being singled

out for criticism, he added: "Italy exports the very best in football, and that's something which annoys people. In Britain they're all nationalists. Italians are a problem in general because they know how to dress well and how to eat and drink with taste. We are envied."

Amoruso, who missed all but the last couple of months of last season's problems after his £4 million move from Fiorentina, was apparently accused by Amoruso of gifting Kilmarnock their goal and criticised for sending a free-kick high into the crowd just as Albertz was about to take it himself.

Meanwhile the 27-year-old Albertz, who has already scored six goals this season, has been rewarded for his excellent start at Rangers by being recalled by Germany for next month's friendlies against Malta and Romania.

## Confusion over breakaway plan

UEFA officials yesterday stressed that the fight against plans for a European Super League will continue as a week of potentially make-or-break meetings began. However, sources close to the breakaway project described UEFA's public comments on their desire to go it alone as "bizarre", insisting that private indications had given the opposite impression.

European football's governing body, they claim, is showing interest in working in tandem in order to retain regulatory control while allowing the leading clubs to decide their futures.

Uefa stated that it has its own vision and is expected to announce changes to its existing competitions from Geneva on Saturday.

Irate Nottingham Forest fans will have the opportunity to air their grievances, with the club's chief executive, Peter Swain, agreeing to a meeting with three of more than 200 protesters who are angry at the transfers of Kevin Campbell and Colin Cooper.

Stéphane Guivarch, a World Cup winner with France, turns out for Newcastle United reserves at Bradford City tonight. The £3.5 million striker, who injured an ankle after only 11 minutes in a pre-season friendly in Ireland, hopes to stake a claim for a Premiership debut against Liverpool on Sunday.

Southampton's Norway striker Stig Inge Johansen has joined the Swedish first division club Helsingborg for £250,000, the same fee as for his move a year ago from Bodo Glimt. Johansen, 26, made only six first-team appearances.

George Courtney, the former World Cup referee, has left his job as a headmaster to take over as Middlesbrough's head of community affairs.

It was an impressive feat for the infant league and one which DC United, with their star Bolivians Marco Etcheberry and Jaime Moreno (former player of Middlesbrough) were well placed to repeat, their weekend win over New York New Jersey Metro Stars kept them well clear at the head of the league's Eastern Conference.

DC's coach, Bob Arena, is on the shortlist to take over the national side after the departure of Steve Sampson.

All this is the legacy left by the outgoing president Alan Rittenberg, the man hand-picked by FIFA to lead the USA 94 World Cup effort and stepping down now only because the roles forbid a third

four-year term (not a restriction FIFA has seen fit to adopt). Rittenberg turned US soccer into a multimillion-dollar operation with the help of big sponsorship deals. USA 94 holds the record for the biggest crowds in World Cup history — a total of 3.56 million spectators at an average of 68,000 per game. It was also the most profitable, bringing in a \$50 million (£26.8 m) surplus of which Rittenberg took a \$7 million (£4.2 m) bonus. The new president says his top priority is to host the World Cup in 2002. This may seem wildly ambitious but, given FIFA's deep respect for the bottom line, it cannot be ruled out.

Uefa has been trying to get the Premiership to cut its numbers for years but maybe it could learn from the South African Football Association. Tired of the resistance of its professional premier league to reduce the top division to 16 teams, the SAFA has hit on the wheeze of buying up two of the 18 clubs and closing them down.

After the early exit of the national team, nicknamed Bafana Bafana, from France 98, the SAFA wants to cut the league programme to allow room to concentrate on international football.

"If we want to be there in four years' time again, we have to put the team as the priority. But if the clubs are not prepared to see the bigger picture, then we are forced to try and do something drastic like this," said the SAFA's chief executive Danny Jordaan, who is prepared to put up £500,000 to do so.

Of course, in England this would go only a quarter of the way towards buying Frank Sinclair.

### Sport in brief

#### Basketball

Porto replace Panathinaikos in the Sainsbury's Tournament at Wembley Arena on September 5-6, writes Rob Duggdale. London, Torino, Maccabi Tel Aviv and Partizan Belgrade also compete.

#### Golf

Gary Player, 62, became the second oldest player to win a Senior Tour event when he shot a final 68, four under par, to take the Long Island Classic.

### Chess

Jim Plaskett's three-win spurt in the Hampstead grandmaster tournament ended with the outright first prize as Boris Kreiman, faced with a series of draws, writes Leonard Barden.

### Equestrianism

Minor injuries to Chris Bartle's World Perfect II and William Fox-Pitt's Cosmopolitan II caused them to be dropped from the selectors' list for the World Three Day Event Championships in Italy in October, writes John Kerr.

### Results

#### Football

**PREMIER LEAGUE** Premier Division: Sunderland 3 Birmingham 2. First Division: Wolves 1 Watford 1. Third Division: Watford 1 Rochdale 1. Fourth Division: Watford 1. Football League Cup: First Round: Watford 1 Oxford 0. Second Round: Watford 0 Reading 2. Third Round: Watford 0. Fourth Round: Watford 0.

#### Golf

**WORLD RANKINGS** (US unless stated): 1. Woods 11,300; 2. Els 10,800; 3. Davis 9,100; 4. Price 8,500; 5. S. Davis 8,100; 6. V. Singh 7,800; 7. P. Wright 7,500; 8. P. Wright 7,200; 9. P. Wright 6,900; 10. P. Wright 6,600.

#### Tennis

**ATP TOUR RANKINGS**: 1. P. Sampras (US) 2,670; 2. M. Rios (Chile) 2,300; 3. P. Rafter (Aus) 2,100; 4. P. Rios (Chile) 1,900; 5. R. Krieger (Aust) 1,700; 6. R. Krieger (Aust) 1,500; 7. R. Krieger (Aust) 1,300; 8. R. Krieger (Aust) 1,100; 9. R. Krieger (Aust) 900; 10. R. Krieger (Aust) 700.

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Wales coach wields the axe, page 15

# SportsGuardian

Hasselbaink strikes decisive blow

Premiership: Leeds United 1 Blackburn Rovers 0

## Leeds hustle to victory

David Lacey

**T**HE defences of Leeds United and Blackburn Rovers hung so loose last night that it was a wonder the Eland Road crowd did not see a netful of goals after Jimmy Floyd Hasselbaink had given Leeds an early lead. But chances were missed and saves were made as an untidy match struggled to keep a recognisable shape.

Neither club appears likely to win the Premiership this season but at least they have stronger pretensions than most. After all, Leeds were the last club to win the old First Division and Blackburn were the only team to break Manchester United's hold on the Premiership until Arsenal did the double.

Blackburn needed to get Leeds out of their system, having conceded eight goals against them last season in losing 4-3 at home and 4-0 away. With Kevin Davies, their £7.25 million signing from Southampton, partnering the prolific Chris Sutton up front the potential for goals was certainly there.

Roy Hodgson's team, moreover, made the more positive start with the first inswinging corner from Jason Wilcox causing problems as early as the fourth minute. The chance fell to Sutton but his shot lacked power and Nigel Martyn was not troubled.

So much rested on the shifts of power in midfield where David Hopkin and Alf-Inge Haaland confronted Tim Sherwood and Garry Flitcroft. Once the Leeds pair began to take a grip on the game, Blackburn's defence quickly came under pressure.

Three times between the 12th and 15th minutes Leeds might have gone ahead. Lee Bowyer, quick to seize on a loose ball, saw John Filan tip over his rising shot. Then Clyde Wijnhard, the Dutch replacement for Rod Wallace,



Opening salvo... Jimmy Floyd Hasselbaink, of Leeds, shoots hard and low past John Filan to score the only goal last night after 18 minutes. ALEX LUMLEY

had a shot deflected wide by Stephane Henchoz before seeing another skim the bar.

For Leeds the signs were encouraging, for Blackburn ominous, and it was not long before the portents proved correct. After 18 minutes Has-

selbaink burst out of a clutch of defenders, exchanged passes with Wijnhard, and drove a low shot through Filan's half-attempt at a save.

The seven-goal extravaganza when the teams met at Ewood Park nearly a year ago had not

been notable for efficient defending. Neither side looked safe at the back last night, either, and Blackburn all but drew level midway through the first half when Robert Molasar sliced a centre from Sutton against his own bar. Cal-

lvin Davidson driving the rebound into the side-netting.

A clever piece of football by Sutton deserved to bring the scores level on the half-hour. Having laid the ball out to Wilcox on the left he moved into position for a well-delivered return but found that Davies had the same idea.

Leeds were lucky the two strikers impeded each other and when soon afterwards Davidson and Sebastian Perez, Blackburn's £2 million Frenchman from Bastia, went for the same cross at the far post it seemed a few introductions were called for.

Yet Blackburn were far from out of the game. More intelligent play by Sutton, holding the ball under pressure after meeting Wilcox's cross and then sending in Sherwood to his right, might have brought a goal had the latter not fluffed his shot.

Leeds still looked the more incisive near goal. Seven minutes into the second half a shrewdly weighted pass from

Harry Kewell sent Haaland clear and inside, but Filan's alertness in leaving his line to block the danger.

Again they had chances to get back into the contest. In the 57th minute a smart header from Perez, after a corner had been half-cleared, caught Martyn off his line and the Leeds goalkeeper did well to tip the ball over. Another corner and Davies, left unmarked in front of goal, merely glanced his header wide.

While Leeds looked the likely winners the narrowness of their lead and the brittleness of their defending demanded more goals. On the hour only Jeff Kenna's lunge to deflect a Hopkin shot wide denied them.

Wijnhard headed down Jan Hart's centre.

Leeds United (4-4-2): Martyn; Hopkin, Molasar, Radabaugh, Harris; Hopkin, Bowyer, Haaland, Kewell; Wijnhard, Davidson.

Blackburn Rovers (4-4-2): Filan; Kenna, Peacock, Henchoz, Davidson; Perez, Sherwood, Flitcroft, Wilcox (Dahlin, 70min); Davies (Gellacher, 70), Sutton. Referee: D. Galloway (Barnbury).

## How to get a kick out of rural Ireland



Lawrence Donegan

**T**HE great American author George Plimpton invented the concept of participatory sports writing 30 years ago. Casting himself as the in-genu amateur, he went off and played (bad) golf on the US PGA tour, fought a (bloody) three rounds against the light-heavyweight champion Archie Moore and was a (terrible) temporary quarterback for the Detroit Lions. He then went home and wrote brilliant, hugely successful books based on his experiences.

I thought enviously about Plimpton's literary reputation (and bank balance) on Sunday afternoon as I stood up to my ankles in mud in a field in Killygordon, County Donegal, waiting for the referee to blow the whistle which would begin my career as a Gaelic footballer or, as they say in these parts, "a GAA man".

Five minutes earlier the team manager Liam Ferry threw me the blood-red shirt of Naomh (Saint) Michael's GAA club in the dressing-room and said: "You're the full-forward."

"Where's that?" I thought to myself. I asked a team-mate on the way to the pitch. "It's a bit like centre-forward in soccer; only you get kicked a lot more," he laughed.

I felt sick, and the first sighting of my marker did not help. Seamus MacNaíra, a fork-lift driver from the village of Duncineely in the south of the county, was a brick out-house of a man, with black hair and huge hands. He was wearing surgical white gloves and the kind of glare I imagine bears use to paralyse lunch before they tuck in. My very own Archie Moore.

"Afternoon," I said.

"Is it?" Seamus replied.

The County Donegal Gaelic Athletic Association Intermediate (Reserves) Championship quarter-final between Naomh Michael's and Naomh Uí Súilleabháin was the culmination of months spent carefully dismantling the inevitable barriers which greet any new arrival to a small village.

Playing Gaelic offers the best route to acceptance for a stranger in places like Cresslough and Duncineely, the two villages which make up the parish of St Michael's, because of its place in the community.

In fact it is impossible to overestimate the importance of Gaelic football in rural Ireland. It keeps the men and women in the parish fit, it keeps them out of the pub (well, not always), it is a conduit for raising funds for community projects, it is a kernel of much of the conversation in the village shop and it is the principal source of community pride.

Even when played at the lowest level, it is a magnificent sport: fast and rugged, with the emphasis on rugged. Pictures of the great Naomh Michael's teams of the past adorn the dressing-room wall at our home ground. I noticed them as I was heading for the bathroom to throw up at the end of my first training session. They look fit and skilful and fearless.

I am none of these things. But the scourge of emigration still hurts Donegal and able-bodied men under the age of 40 are in short supply. At the end of my sixth training session the club secretary Moses Alcorn suggested that I might as well be registered for the team.

"We need your name and address, for insurance purposes, like," he said, grinning. Injuries are commonplace in Gaelic football like speaking French in commonplace on the streets of Paris. At my first game as a spectator, the two umpires ended up punching seven bells out of each other. "And another thing," Moses said. "What's your name in Irish? I need it for the registration form."

It took me three days, a visit to the library and much discussion in the village pub, The Corcoran's Rest, to find the answer: Labhras O'Duinnín (pronounced Low-rish O'Din-in). Pretty, isn't it? I wish I could say the same for Labhras O'Duinnín's performance against Seamus MacNaíra and his team-mates.

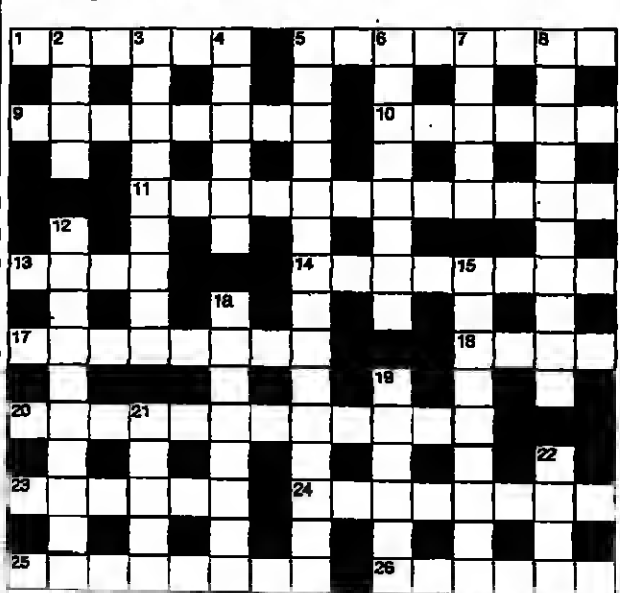
**W**HEN the referee blew his whistle, sickness gave way to pride and dreams gave way to reality. I touched the ball five times, fell over seven times and did not score a point (unheard of, apparently, for a full-forward). One consolation was that Seamus was a lot friendlier than he looked. He elbowed me in the face only twice.

The result? Naomh Michael's 1-2 (five points), Naomh Uí Súilleabháin 4-14 (26 points). I asked Moses afterwards how I had played. "I would say you were...". He paused for half a minute to find the right word. "Keen. That's it. You were keen."

Keen? Even George Plimpton was better than "keen".

## Guardian Crossword No 21,362

Set by Gemini



### Across

- 1 As Jock would say, it's right forby (6)
- 5 With surface water motorway route is slippery (6)
- 9 The SAS go determined to release prisoners (6)
- 10 Time for maximum strike action? (6)
- 11 Near blue tape, crude and obscene (12)
- 13 Small addition to livestock (4)
- 14 Partner seeks opportunity to conclude board meeting (6)
- 17 Rent reduction? Eyewash! (6)
- 18 A sound sleeper, once over (4)
- 20 He improvised when cast on the rocks (12)
- 23 Polish, or polish off? (6)
- 24 Post-match damage leads to decisive court action (6)

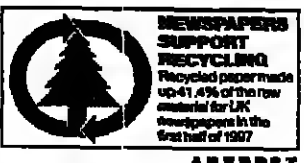
### Down

- 2 Shout for grub! (4)
- 3 His prize winnings the end-all for Spooner's ardent gambler (3-6)
- 4 Concern over road rage building (6)
- 5 Nobbles girl outside-right (15)
- 6 It adorns moulding of an arched ceiling (6)
- 7 The informal thank-you letter (5)
- 8 Minister with joy proclaims the Divine message (10)
- 12 To slim down is current policy (10)
- 15 Went like the wind in close run? Indeed! (6)
- 16 Trees veil the river Wear (6)

- 19 Worth reading—gripping yarn (6)
- 21 By implication it's all dead weight (6)
- 22 Market town (4)

### Solution tomorrow

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**The male eye, confronted with a woman's face, thinks, "Do I fancy her?" The female eye asks, "Where does she get her hair done?" Who has decided that women's appearance is important and men's is not?**

Linda Grant

**G2 p7**

مكتبة الصالح